

## German daredevil likely to be sent home

HAMBURG (AP). — The daredevil West German teenager who flew a light plane through Soviet air defenses to Moscow Thursday will probably be sent home soon, but might have to stand trial first.

Valentin Falin, chief of the semi-official Novosti news agency and a top official in the Kremlin hierarchy, also said Soviet radar spotted the Cessna 172 plane but that authorities let it fly on because they thought it was a domestic aircraft.

Falin, a former ambassador to Bonn, was quoted in an interview with the *Hamburger Morgenpost* as saying 19-year-old Mathias Rust, from the town of Wedel near Hamburg, will probably be returned to the West regardless of the trial verdict. He said a trial would be normal in such a case.

"For one thing, we have him [Rust] to thank for pointing out these holes in our [air] defenses to us," Falin was quoted as saying.

The Soviet government has remained silent on Rust's whereabouts since his arrest Thursday night in Red Square.

Officials at the West German Embassy in Moscow said yesterday they were told they could meet with the teenager early this week.

Falin said Soviet radar picked up the U.S.-built Cessna 172 as it entered Soviet airspace over Estonia on Thursday and monitored it on its way to Moscow. "But people assumed this was a Soviet aircraft, and no attempt was made to [positively] identify it," Falin was quoted by the newspaper as saying.

The Soviet defence minister and the commander of the nation's air defence system were dismissed Saturday night. The Soviet Union's ruling Politburo said Soviet radar detected the Cessna and Soviet fighter jets had twice flown around it, but apparently did nothing despite the West German flag on its tail.



The new Soviet air defence chief, General Dmitry Yazov. (Reuters)

## Gaza man expelled

## Arrests after camp swoop

By JOEL GREENBERG  
and BRADLEY BURSTON  
Jerusalem Post Reporters

Security forces yesterday carried out a major sweep through the Bala-ta refugee camp near Nablus, arresting dozens of suspects and seizing makeshift pistols and knives. One of the detainees was expelled and 10 were placed in administrative detention for six months.

Military sources said the raid followed a spate of demonstrations and disturbances at the camp in which protesters hurled petrol bombs and rocks, and barricaded roads. The last attack occurred Saturday night, when two petrol bombs were thrown at an IDF vehicle.

OC Central Command Amram Mitzna said the searches turned up makeshift pistols used in attacks on security forces. Knives and inflammatory literature were also seized, military sources said.

Meanwhile, the leader of the PLO's terrorist youth movement in the Gaza Strip was expelled from Israel yesterday, by order of OC Southern Command Aluf Yitzhak Mordechai.

Ahmad Fatah Abdel Nasser, 36, of Khan Yunis, took over the leadership of the Shabiba movement in Jordan, after the deportation to Jordan of his predecessor, Muhammad Dahlan, 26.

In 1975, Nasser was convicted of having planted a bomb near a Rishon LeZion kindergarten. There were no casualties in the explosion.

After serving 10 years in prison, Nasser was one of 1,150 security prisoners released two years ago in exchange for three Israeli soldiers held by Ahmad Jibril's group in Syria.

The IDF contends that, since his release, Nasser incited Gaza youths towards armed struggle against Israeli authorities, and "instigated and bore responsibility for numerous disturbances in the Gaza Strip."

Earlier this month, evidence against Nasser was presented to an IDF committee that reviewed the expulsion order. Among the exhibits submitted to the committee were handbills directed against moderate former Gaza mayor Rashad Shawwa and his supporters, and calling for "vengeance" against them.

The committee, with Red Cross observers in attendance, was also told that Nasser had ignored warnings to cease incitement, and for that reason had been detained for 18 days in January.

The deportation order was put into effect after Nasser declined to appeal the ruling. Appeals on expulsion orders may be appealed up to the level of the Supreme Court.

The Shabiba organization, loyal to Yasser Arafat's Fatah wing of the PLO, is believed responsible for last week's attempt to detonate a bomb under a passing Israeli vehicle near

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Brazilians on the Ball: Visiting soccer stars Geraldo, left, and Mirandinha pose yesterday on the Mount of Olives with a M-16 rifle during a tour of Jerusalem with rest of the Brazilian national squad. The talented Brazilians end their successful five-match European tour tonight against Israel. Kick-off at the National Stadium in Ramat Gan is at 7 p.m. (APF)

## 'Scrap Lavi' mood growing among cabinet ministers

By JOSHUA BRILLIANT  
Post Defence Reporter

The government was moving towards a reluctant decision last night to scrap the Lavi fighter aircraft, *The Jerusalem Post* has learned.

As the Israel Defence Forces and the Defence Ministry presented the implications of a decision to proceed with the aircraft, ministers who had hitherto favoured the project began to have serious doubts.

Minister-without-Portfolio Yitzhak Peretz, for example, emerging from the second cabinet session on the matter, told reporters that he had come to a meeting as a supporter of the Lavi but was now considering voting against it.

Yesterday's three hour debate was devoted to presentations by the Defence Ministry's economic adviser Zvi Trop, who gave details of the cost of building at least 100 Lavis compared with adopting the IDF's alternative of buying 75 American F-16C aircraft and using the money saved to finance other essential projects.

The bottom line of Trop's presentation was that Israel can buy two F-16Cs for the price of one Lavi. Chief of General Staff Dan Shomron spoke very strongly against the Lavi. The IDF does not have any technological objections to the Lavi, but finds it prohibitively expensive. Israel will have to invest money for years without seeing any operational benefits, say IDF leaders. The money could be used for more important projects, they think.

On the other hand Defence Ministry Director-General David Ivri and

the Israel Aircraft Industries chiefs Mordechai Hod and Moshe Keret spoke in favour of the Lavi.

Keret said that, if the Lavi is scrapped, the IAI, Israel's largest industry, will shrink to the size it had been 20 years ago. His argument made a strong impact on some ministers; Minister-without-Portfolio Yigael Hurvitz later told reporters it was a question of "life or death" for that industry. Science Minister Gideon Palt told *The Post* that the question of IAI's future must be taken into account.

But this argument was also counter-productive. "Is that the issue, the IAI's fate?" ask Peretz. "The fate of Israel's security is the issue. If the IDF, which must conduct the war, says that the Lavi's alternative will give us more security, why should one doubt that?"

Defence Minister Rabin said that carrying the Lavi project through would require an additional \$200 million to \$220m. per year, until the first squadron is produced.

Rabin wants \$150m. to be added to his budget to finance research and development projects which could be carried out if the Lavi were scrapped. Some of the money would also be needed for maintenance, one source said.

The extra \$50m. to \$70m. would be required to complete the Lavi project. He insisted these sums should not come from the present defence budget. To ensure that they are not tagged on at a later stage, Rabin would like the cabinet to establish a project administration

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## Members of GSS probe to be named

By ASHER WALLFISH  
Post Knesset Correspondent

The president of the Supreme Court, Justice Meir Shamgar, will today name the members of the judicial commission of inquiry to probe the methods of interrogation used by the Shin Bet in its fight against terror.

The cabinet voted for the inquiry at a troubled and occasionally heated session yesterday. The voting was 16-0, with six abstentions.

Several ministers said, during the session and afterwards, that the cabinet had been brought round to the idea of the judicial commission of inquiry "by force of circumstances."

They took their decision because of the feeling in the Shin Bet that the police probe ordered by Attorney-General Yosef Harish would have singled out a small number of operatives in connection with the Izat Nafsu case.

Before the vote, Prime Minister Shamir said that the scope of the inquiry commission's probe was very broad and would enable it to lay down guidelines for the future functioning of the security service. It would be able to define the powers and prerogatives of the Shin Bet, and it would spell out its responsibilities.

According to one cabinet source, none of the ministers recalled that the former head of IDF intelligence, Aluf (res.) Aharon Yariv, had demanded such guidelines and definitions in the report he was asked to prepare after the Ashkelon bus No. 300 hijack killings in 1984, when Shin Bet operatives also committed perjury. Yariv's recommendations have been gathering dust ever since.

The heads of the Shin Bet, who have been lobbying Shamir and his senior colleagues for the past few days, persuaded them that only by holding a judicial inquiry could it be shown that the operatives responsible

(Continued on back page)

## Eight SLA men killed; six Israelis wounded

## Hizbullah in concerted Lebanon raid

By DAVID RUDGE  
Jerusalem Post Reporter

ROSH HANIKRA. — Attacks by Shi'ite extremists on Israeli positions inside the security zone in South Lebanon and Christian strongholds to the north yesterday were harbingers of more sophisticated terror assaults in the region, according to observers here and in South Lebanon.

Six IDF soldiers were wounded in a dawn mortar bombardment of positions along the northern border of the security zone, while Hizbullah gunmen launched concerted attacks on three strongholds manned by Christian militiamen near Jezzine, north of the security zone.

Eight Christian militiamen were said killed and 10 wounded in repelling the attacks, which lasted for over two hours. The Hizbullah, according to South Lebanese sources, suffered a minimum of eight men killed.

Israel Television reported last night that two Christian militiamen were taken prisoner by Hizbullah.

All six IDF wounded were transferred by helicopter to Rambam Hospital in Haifa. They were suffering mainly from shrapnel wounds. Three were later released; the others were reported to be suffering from moderate wounds.

Six of the wounded Christian militiamen were also brought to the hospital. One was later released, while three of the remaining militiamen were said to be in serious condition.

The mortar attack occurred around 5 a.m. north of the village of Ishiya in the central sector of the security zone, which has been a



hotbed of terrorist activity in recent months.

IDF forces in the region returned fire towards the source of fire, outside the security zone.

At about the same time, scores of Hizbullah gunmen tried to storm three strongholds held by Christian militiamen near the predominantly Christian township of Jezzine.

The attacks took place on positions near the villages of Butzlia, J'ail Saffi, and Dahar Rahal.

The militiamen in the region are attached to the forces of South Lebanese Army commander Gen. Antoine Lahad, but receive no assistance from Israel, since the area is outside the buffer zone.

The Hizbullah gunmen, armed with mortars, RPGs, machine-guns and light weapons, launched a heavy bombardment before trying to storm the positions. But they were beaten back by heavy return fire from the defenders and were eventually forced to flee, leaving the bodies of

(Continued on Page 2, Col. 6)



French Foreign Minister Jean-Bernard Raimond and Madame Raimond listen yesterday to a welcoming speech by Foreign Minister Shimon Peres at Ben-Gurion Airport. Raimond said he had come to discuss Middle East peace and scientific cooperation between Israel and France.

(Media/P. Tikiner)

## Red Square pilot had lovelorn predecessor who moved Stalin

MOSCOW (Reuters). — Almost 50 years ago, a lovelorn young Briton flew a light plane into the Soviet Union in search of his Russian sweetheart and apparently so moved Josef Stalin that he was allowed to marry her and take her back to England.

The story, some details of which were echoed in the amazing flight from Helsinki to Moscow's Red Square by teenage West German pilot Mathias Rust, is recounted in memoirs published by Soviet writer Lev Sheinin in 1959.

Sheinin identified the Briton as Brian Montague Grover and said his small craft landed on November 13, 1938 — just as purges and spy-mania were sweeping the country — in the village of Glukhovo 200 km north of Moscow.

At the time, Sheinin, now dead, was an aide to Soviet state prosecutor Andrei Vyshinsky, who conducted most of the major purge trials of the period, and wrote several books after World War Two on his experiences as an investigator.

Grover, in the account, announced to the startled Glukhovo villagers and to his subsequent police interrogators that he had come to the Soviet Union in a bid to see his lost

beloved, pharmacist's assistant Yelena Golius.

She was from the city of Grozny in the northern Caucasus. They had met when Grover himself worked there earlier in the 1930s as an engineering expert helping in the Soviet industrialisation drive.

At a trial soon after, Sheinin says, Grover was sentenced to one month in jail for illegally crossing the Soviet frontier — an offence which then as now could have brought three years hard labour. The judge said he was taking into account the young Briton's "sincere feelings" and a few days later the authorities commuted the sentence, substituting a small token fine of 100 rubles.

Golius, Sheinin says, came to Moscow and she and Grover were married. They left together for England by the end of December 1938. He gave no indication of what became of them afterwards.

Older people here say they recall the incident which they believed had been used to boost Stalin's image in the wake of the purges. "I recall he was supposed to have said: 'Love knows no frontiers,'" one elderly Russian said yesterday.

Another lone violator of the

Soviet frontiers — regarded, as was the Russian border in Tsarist times, as sacrosanct — was not as lucky as Grover.

In 1941, just hours before the Nazi armies burst into the Soviet Union on July 22, a young German corporal who was a secret Communist crossed over to warn that the attack was imminent. According to official accounts released after Stalin's death in 1953, his warning was transmitted to the Kremlin chief who refused to believe it and, in some versions, ordered the young man shot as a provocateur.

## More economic reforms on way

Post Economic Reporter

The Bank of Israel will press ahead with a major overhaul of monetary policy and capital market reform in the next several months, Bank of Israel Governor Michael Bruno said yesterday at a press conference called to unveil the central bank's 1986 annual report.

Bruno said no devaluation of the shekel was on the cards in the coming months, so long as a policy of effective wage restraint was maintained. He said a flexible wage and employment policy was necessary, and called on the Histadrut not to press for wage increases over and above cost-of-living allowances.

(A full story appears on page 7.)

## Further school disruptions possible today

By BERNARD JOSEPHS  
Jerusalem Post Reporter

Another day of disruptions in the nation's schools may be in store today. Teachers' leaders and Education Ministry officials were meeting last night to discuss plans to reduce the proposed cut in the education budget.

A spokeswoman for the Secondary School Teachers' Association warned, "If we don't reach agreement tonight, then it will be too bad for everyone."

Last week the association, together with the Histadrut Teachers' Union, staged two strikes which closed almost every school in the country and kept over a million children at home.

Parents are advised to listen to the radio this morning to hear whether schools will open today.

The two teachers' unions staged their walkouts last week in protest over government plans to cut education spending by NIS 44 million. The slash, they said, would mean sacking thousands of teachers and a drastic reduction in school hours.

The Education Ministry has confirmed that more than 5,000 teachers have already received dismissal notices, but was last night attempting to persuade the teachers to accept a reduction in overtime as a way of keeping the number of firings to a minimum.

However, yesterday evening,

even before the talks — between Shoshana Bayer, head of the Secondary School Teachers' Association, Yitzhak Welber, head of the Histadrut Teachers' Union and Education Ministry director-general Shimon Shoshani — had begun, the teachers said that they would not accept a cut in hours.

"By cutting the extra hours worked by many teachers, the ministry will in effect be cutting their pay and reducing the level of tuition available in the schools. We will not accept this, and if there is no agreement tonight, then I am afraid we'll be forced to take further action," said a spokeswoman for the secondary school teachers.

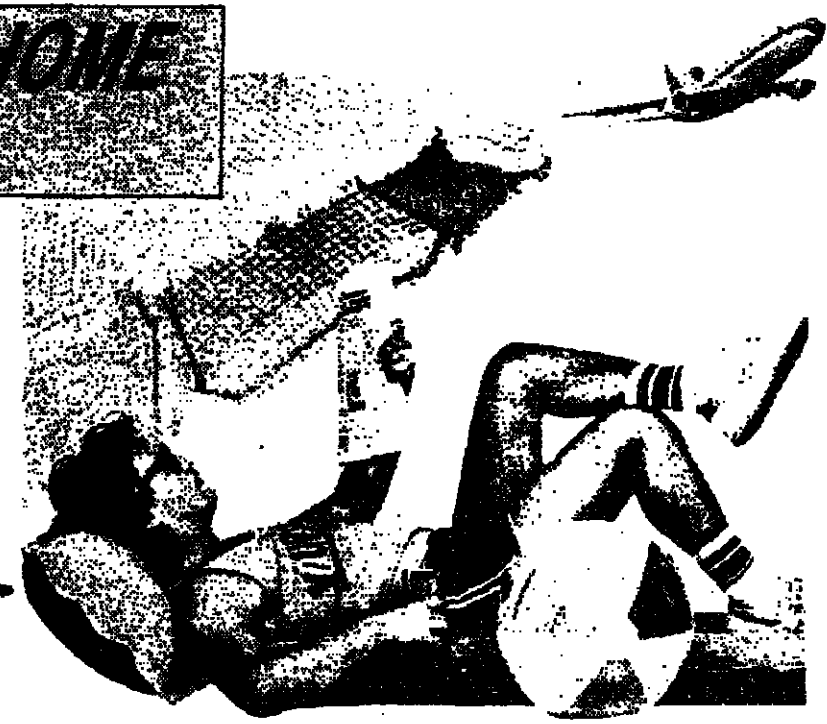
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|                | 31.5.87 | MIN.  | MAX.   |  |
|----------------|---------|-------|--------|--|
| AMSTERDAM      | 10 18   | 15 28 | Cloudy |  |
| BRUSSELS       | 8 13    | 17 22 | Cloudy |  |
| BIRMINGHAM     | 5 11    | 16 21 | Cloudy |  |
| CHICAGO        | 18 24   | 31 38 | Cloudy |  |
| COPENHAGEN     | 8 13    | 18 23 | Cloudy |  |
| FRANKFURT      | 7 12    | 17 22 | Cloudy |  |
| GENEVA         | 7 12    | 17 22 | Cloudy |  |
| HELSINKI       | 3 7     | 11 16 | Cloudy |  |
| HONG KONG      | 24 28   | 28 32 | Cloudy |  |
| JOHANNESBURG   | 6 12    | 21 30 | Cloudy |  |
| LISBON         | 13 18   | 23 28 | Cloudy |  |
| LONDON         | 11 16   | 21 26 | Cloudy |  |
| MADRID         | 11 16   | 21 26 | Cloudy |  |
| MONTREAL       | 18 23   | 28 33 | Cloudy |  |
| NEW YORK       | 21 26   | 31 36 | Cloudy |  |
| OSLO           | 8 13    | 18 23 | Cloudy |  |
| PARIS          | 10 15   | 20 25 | Cloudy |  |
| RIO DE JANEIRO | 24 28   | 28 32 | Cloudy |  |
| SAO PAULO      | 24 28   | 28 32 | Cloudy |  |
| STOCKHOLM      | 8 13    | 18 23 | Cloudy |  |
| TOKYO          | 18 23   | 28 33 | Cloudy |  |
| TORONTO        | 18 23   | 28 33 | Cloudy |  |
| ZURICH         | 8 13    | 18 23 | Cloudy |  |

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Jerusalem: 20 Jaffa St. Tel. 02-231173.  
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Beir Sheva: 38 Ha'aretz St. Tel. 05-35222.  
Gaza: Ben-Gurion Airport, 05-3771251.

## THE WEATHER

Forecast: The heat will continue until midday when temperatures will drop and humidity will rise.  
Outlook for Shabbat: Normal temperatures for this time of year.

|             | Yesterday's | Yesterday's | Today's |
|-------------|-------------|-------------|---------|
|             | Humidity    | Min-Max     | Max     |
| Jerusalem   | 15          | 14-22       | 29      |
| Golan       | 15          | 14-22       | 29      |
| Nahariya    | 24          | 18-25       | 28      |
| Safed       | 24          | 18-25       | 28      |
| Haifa Port  | 24          | 18-25       | 28      |
| Tiberias    | 41          | 18-21       | 35      |
| Nazareth    | 45          | 16-22       | 31      |
| Atula       | 48          | 17-22       | 32      |
| Somaria     | 18          | 16-24       | 31      |
| Tel Aviv    | 20          | 18-26       | 28      |
| B-G Airport | 20          | 18-26       | 28      |
| Jericho     | 30          | 19-35       | 35      |
| Gaza        | 81          | 18-24       | 28      |
| Be'er-Sheva | 7           | 15-27       | 36      |
| Eilat       | 10          | 24-29       | 38      |

## Yeshiva boy held for Dead Sea thefts

By BRADLEY BURSTON  
For The Jerusalem Post

BEERSHEVA. — A 15-year-old yeshiva student from Dimona, arrested while allegedly carrying stolen goods in a velvet tiffin bag, is believed to be responsible for a recent wave of break-ins and thefts from Dead Sea hotels.

Police detective Daniel Ben Naim said yesterday that the youth was caught with hotel property and other articles. Police now believe he often used the tiffin bag to hide stolen articles.

After telling police that he had gone to a Dead Sea luxury hotel to visit his mother, the youth allegedly confessed to some of the robberies, but attempted to keep police from notifying his parents. When detectives discovered his true address, the youth escaped and was recaptured only after a lengthy chase through Dimona's alleys and side-streets.

The case is expected to be heard in the Beersheva Juvenile Court later this week.

## 3,000 attend Gush rally

TEL AVIV (Itim). — Some 3,000 people attended a rally in Kikar Malchei Yisrael here yesterday to protest against the government's method of dealing with terrorist acts.

The protest was organized by Gush Eumunim, the Council of Jewish Settlements in Judea and Samaria, and Eilon Moreh, the West Bank village where eight-year-old Rami Haba was murdered 11 days ago.

The fathers of Rami Haba and Danny Katz (murdered several years ago in Haifa) lit candles in memory of their sons, as the crowd stood in silence. But the crowd cheered a declaration by a bystander that "Rabin and Peres are murderers, spilling Jewish blood."

Congratulations to Golda and Alex Uchitel on The Birth of their New Daughter from all of Golda's co-workers.

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## HOME NEWS

# Arens seeks to placate Beit Jann Druse

By DAVID RUDGE  
Jerusalem Post Reporter

BEIT JANN. — Moshe Arens, the minister responsible for Arab affairs, is to meet civil and religious leaders here today in an effort to resolve the bitter land dispute between the Druse residents and the Nature Reserves Authority.

Arens is expected to outline proposals which, it is hoped, will pave the way for a compromise settlement.

Aides to the minister remained tight-lipped yesterday, saying they did not wish to disclose any details until Arens had a chance to discuss the proposals with the villagers themselves.

The scheduled meeting comes after a weekend of confrontation between Druse residents and NRA officials.

On Friday, villagers set up stone barricades along tracks used by NRA patrols in the heart of the Mount Meron nature reserve. They also uprooted trees and bushes on a plot of land two kilometres inside the nature reserve, saying they were clearing the site for a soccer pitch. Stone ramparts were erected around the site, and villagers held a party there on Friday night.

NRA officials charged that Druse threw stones at NRA patrols when they tried to remove the barricades.

The authority's director general, Uri Baidats, accused the police of not responding promptly to calls for help.

Galilee district police commander Ya'acov Ganot said that officers had been dispatched to the scene immediately after the complaints were received. The police, after speaking with Druse leaders, removed the barricades without having a confrontation with the villagers.

Ganot noted that 12 people were questioned at Carmiel police station yesterday on suspicion of damaging flora inside the reserve. More suspects are likely to be detained for questioning.

The row between the villagers and the NRA centres is over some 12,000 dunams of protected land which the residents claim they own.

They are demanding the release from the NRA's control of all the land surrounding the village to which they have title deeds. They say the land is needed for agriculture, housing development and public works projects, including the construction of a new high school and a sewerage

system for the village.

All schools and municipal services in Beit Jann have been shut down for over a month to press the villagers' demands.

Local council chairman Shafik Assad stressed that they did not want to harm the ecosystem of the region. "We have a vested interest in preserving the flora and fauna because we live here," he said at his home yesterday.

He maintained that a large part of the disputed land had been cultivated by the residents for years and was given over to olive groves and orchards. "Our right of entry to this land, which belongs to us, depends however on the whim of the NRA — which is an intolerable situation," said Assad.

He noted that dozens of people had built homes outside the recognized village boundary, because no other land was available. Several had been fined for "illegal building" and three had served prison terms. These houses, he said, were without electricity or telephones.

He was hopeful that Arens would bring new proposals to end the dispute. If not, he warned, the residents would continue the fight until their demands were met.

## El Al wants quicker check-ins

By JONATHAN KARP  
For The Jerusalem Post

TEL AVIV. — Fears that flight delays caused by the lengthy security checks at Ben-Gurion Airport will continue into the busy summer season have prompted El Al to ask the government to improve the check-in procedure.

All nine of El Al's morning flights were delayed yesterday and about 20 passengers missed their planes because they were held up in long lines at the security counters, El Al spokesman Nahman Kheiman said.

In a letter sent to Transport Minister Haim Corfu and Israel Airport Authority director-general Zvi Gov-Ari, El Al complained that the continuing deterioration of the airline's on-time performance was a result of these snags.

El Al used to handle its own security at Ben-Gurion, but an agreement handing all airport security over to the IAA went into effect on April 1. Kheiman stressed that the airline still has control over security checks at all its foreign destinations.

Since April 1, Kheiman said, El Al has experienced daily delays at Ben-Gurion, not including those caused by the pilots' conflict, and the management is worried about the effects on summer business. "We don't want to have to start recommending that passengers arrive three hours before their flight," Kheiman said.

## The Saudis send thanks to El Al

By JONATHAN KARP

TEL AVIV. — El Al initiated a round of "Boeing diplomacy" last Friday as it relayed a message to a Saudi Arabian airliner which apparently could not hear the Nicosia flight control centre.

Crossing the eastern Mediterranean on a return flight from Frankfurt, El Al captain Eitan Arev and first officer Eliezer Cohen overheard a flight controller from Nicosia instructing a Saudi plane to increase its altitude.

When the Saudis did not answer, Arev offered to act as an aerial relay station.

At first the Saudi plane may not have realized who had made the offer, Arev told The Jerusalem Post yesterday. But they certainly knew after the information was passed on, as their parting words were: "Thank you, El Al."

## Unity gov't focus of int'l meeting

Jerusalem Post Reporter

TEL AVIV. — A national unity government will only be formed in the future if there is a grave emergency, Likud MK Eliahu Ben-Elissar predicted yesterday. He said it would be a long time before the experiment would be tried again.

Ben-Elissar, a former ambassador to Egypt and former chairman of the Knesset Foreign Affairs and Defence Committee, was appearing at an international conference sponsored by Tel Aviv University's Jean Kirkpatrick Forum for Public Leadership and Policy.

Ben-Elissar said that the unity government had not been a total failure. It had been successful in withdrawing the IDF from Lebanon and curbing inflation; but it had failed in other fields. He said that matters of life and death could not be decided in Israel by a majority of one — even though, in a democracy, one was a majority.

Abba Eban, chairman of the Foreign Affairs and Defence Committee, likened a national unity government to strong medication that can be-

come addictive if taken to excess.

"The sooner we return to our previous system, the sooner we place responsibility on one political bloc, the better our democratic system will be," Eban said.

Prime Minister Shamir took a different line last night when he addressed the forum, maintaining that the government was "continuing to function effectively." He admitted that the debate about the international conference "came close to threatening the government's stability," but insisted that there was no need to break up the coalition, or to bring forward the date for elections.

Taking issue with Eban's criticism was Yossi Beilin, director-general for political affairs at the Foreign Ministry. Beilin said rival political blocs have continued to assert their differences within the national unity government. But he criticized the national-unity arrangement as impairing the ability of government to function. He cited, as an example,

the government's failure to appoint a new ambassador to Washington.

William E. Brock, the U.S. secretary of labour who chaired the opening session, noted that power-sharing in the United States "is done at the behest of the electorate. There are a lot of Americans who seem to like it," Brock said.

Prof. Yehzekel Dror, of the Hebrew University said that Israel might be forced to continue with a national unity government. He suggested that its functioning could be improved by giving the prime minister more power, having referendums on controversial issues, such as the future of the West Bank, spelling out a clear code of conduct for ministers, and improving the civil service.

Knesset Speaker Shlomo Hillel told the forum that the national unity government had stopped functioning, and the situation could not continue. If the Alignment and the Likud could not find a way of working together, the government should be dismantled, Hillel said. The current situation, he added, was a danger to democracy.



One of the makeshift weapons uncovered during a swoop on the Balata refugee camp yesterday.

## ARRESTS

(Continued from Page One)

Gaza's Netzarim Junction. Suspected Shabiba member Mahmud Kvidar, 23, was shot by Border Police who pursued him from the scene of the blast. Before dying of his wounds in hospital, Kvidar reportedly supplied details of other actions undertaken by members of his unit, including last month's bombing of a Ramat Gan grocery.

Also ordered expelled yesterday following the Balata action was Jihad Massami, 36; his brother Riad was placed in administrative detention.

Massami is accused of heading the Shabiba in Balata, and organizing disturbances at An-Najah University, Rawdah College and high schools in Nablus. He was held in administrative detention for four-and-a-half months in October on charges of organizing demonstrations at Balata. In May 1985, he was released in the Jibril exchange after serving six years of a 15-year sentence for planting a bomb in Nablus and preparing other explosive charges.

Military sources said yesterday that activists in Balata had used intimidation against camp residents, pressuring them not to leave for work in Israel. Such actions had led to a deterioration of Balata's economic situation, the sources said.

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## Smash hit for Amampondo dancers

By DORA SOWDEN

Amampondo at the Henry Crown hall last night was what show people call a smash hit. The audience reacted to the performers and the actor-dancers responded to their public so that the air was as electric as it can be in an African township.

Most of the costumes were genuine South African except for some fancy headwork, and most of the instruments, if not actually from South Africa, were played with South African vitality. The rhythms were genuine. The dancers were authentic. The songs were from the Transkei and the clicks in Xhosa brought the house down.

## Honduras 'to weigh' embassy transfer

Honduras "will weigh" the transfer of its embassy from Tel Aviv to Jerusalem, visiting Honduran president Jose Azcona Hoyo said yesterday.

"The matter did not come up at all in [my] talks with [Prime Minister] Peres. They are people who take into account other's feelings, they did not put pressure and did not hint [at the subject]. It is our decision and must be taken by us alone."

Hoyo said that he came here to discuss "cooperation" in various fields, referring specifically to Israeli agricultural technology. He also spoke of aiding Honduran cooperative ventures like "moshavim" (Hoyo used the Hebrew word).

What about kibbutzim? "That's a matter for the people involved to decide. Honduras is a democracy," says Hoyo.

Discussions about arms purchases from Israel were not part of Hoyo's plans before coming to Israel, says the president. "and I did not meet Defence Minister Rabin during my visit."

Hoyo said that in the past, Honduras purchased from Israel light arms, communications equipment, Super Mystere jet fighters and other military equipment. "The Super Mysteres are now rusting and we must replace them with something more modern," he said. Honduras is considering the Kfir as a possible "alternative" should the U.S. fail to supply F-5s, over which there are currently negotiations between the two countries.

Purchase of the American aircraft seems more plausible as Honduras receives \$80 million annually in military aid from the U.S. out of its total \$125 million annual military and police budget.

Hoyo seems to draw pride, as well as a measure of unease, from the fact that Honduras has the "smallest military forces in Central America." He stresses that Honduras "is the enemy of no one," and regards as ludicrous the suggestion that the modernization of its armaments could be regarded by neighbouring Nicaragua as a threat.

"Nicaragua has received \$2 billion worth of arms from the Soviet Union. To be a threat to Nicaragua, we would have to spend the whole state budget on arms," he says.

He does not deny that in some way Honduras feels threatened by its well-armed neighbour, which "is a one-party dictatorship."

Could this sense of threat stem from the fact that the anti-Sandinista Contras operate freely from bases in Honduras? "Do you harbour guerrillas fighting Syria's President Assad? No. And yet Assad's government represents a threat to you. Here's your answer."

Hoyo believes, however, that "there is no danger that Honduras will become embroiled in a war with Nicaragua. We won't attack Nicaragua, and I don't believe we will be attacked [by them]. But, on the other hand, we will not act as Nicaragua's bodyguards and we won't prevent those who think it right to fight Nicaragua."

Hoyo attributes Honduras' good relations with Israel to the lack of racism in his country, where there is a negligible Jewish community and a large population of Christian Palestinian decent "mainly from Beit Jann and Bethlehem."

"Perhaps some of them feel a little dissatisfaction [with Israel], but most," he says, "bear no resentment toward Israel." He remarks that just before his departure for Israel, he had attended a marriage between a Haifa-born Palestinian and a second-generation Honduran of Palestinian descent.

Hoyo notes that Honduran Vice President Haim Rosenthal is Jewish. An aide corrects: "His father was Jewish, his mother not." Hoyo: "He regards himself as a Jew." Rosenthal's son had a barmitzva a fortnight ago.

## IN PERSON BENNY MORRIS

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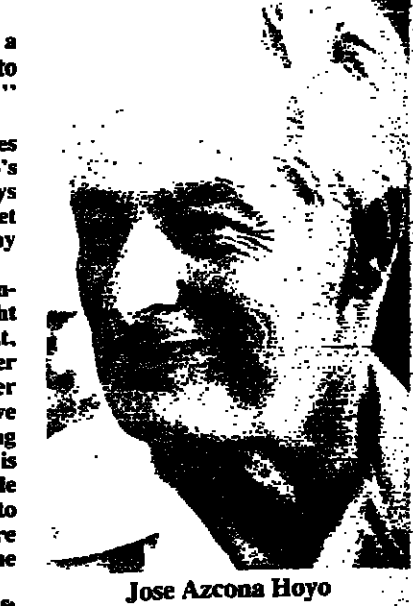
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Jose Azcona Hoyo

## HIZBULLAH

(Continued from Page One)

eight of their comrades on the battlefield, army sources said.

From subsequent searches it appeared that many other Hizbullah gunmen had been wounded in the abortive attacks and dragged away by their colleagues.

Following the assaults, SLA and IDF forces reportedly shelled 16 villages north of the Litani River. Beirut radio stations quoted Nabatiye-based reporters as saying that nine civilians were wounded in a seven-hour barrage on Nabatiye.

They described the bombardment as the heaviest since June 1982 and said hundreds of villagers were seen fleeing northwards.

Reporters based in Sidon said Israeli helicopter gunships strafed olive and orange groves between the city and Nabatiye shortly after the Hizbullah attacks.

Uri Lubrani, government coordinator for South Lebanese affairs, said the Hizbullah attacks had not come as a surprise.

"We knew that something like this could happen and we have to be prepared to expect more of the same in the future," Lubrani said.

Sources in South Lebanon said Hizbullah activists toured the streets of Tyre yesterday with van-mounted loudspeakers, acclaiming their "victorious attacks."

The sources noted, however, that the attacks marked a new level of sophistication and indicated thorough reconnaissance and planning beforehand.

The attackers apparently laid down heavy suppression fire from mortars against positions along the northern border of the security zone.

The aim was to pin down the troops and prevent them from going to the aid of the Christian militiamen whose positions were simultaneously subjected to frontal attacks.

The sources maintained that the Hizbullah's general aim was to attack positions, inflict as many casualties as possible, capture equipment, which they could later exhibit as war trophies, and then pull out.

According to the sources, yesterday's attacks by the Shi'ite extremists were likely to increase Hizbullah's standing and influence and also earn the Shi'ite extremists more financial backing from their Iranian sponsors.

It was the first concerted offensive by the Hizbullah since the assaults on SLA positions around Kantara on April 19 in which 27 Hizbullah gunmen were killed.

Observers in South Lebanon maintained that in light of its heavy defeat at the hands of IDF and SLA forces, Hizbullah had tried to pick on "soft targets" outside the security zone to make an easy score and boost the morale of its forces. That they did not succeed, the observers said, was due to the tenacity of the Christian militiamen defending the position.

Also yesterday, three Katyusha rockets fell near the Christian township of Marjayoun, inside the security zone, without causing injuries or damage.

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Tel Aviv University Sackler Faculty of Medicine mourns the passing of Dr. ARTHUR SACKLER

Tel Aviv University and The University's Board of Governors mourn the passing of Dr. ARTHUR M. SACKLER

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And then over in the Henry Crown auditorium the weekend's Liszt Chamber Orchestra is just a memory as the Amampondo group moves in and sets up its vast array of African percussion instruments. Crew members stretch animal hides and cotton prints to the backdrop as musicians begin pounding away to test the sound system.

Like magic. And then over in the Henry Crown auditorium the weekend's Liszt Chamber Orchestra is just a memory as the Amampondo group moves in and sets up its vast array of African percussion instruments. Crew members stretch animal hides and cotton prints to the backdrop as musicians begin pounding away to test



# Military shakeup sign of Moscow's border sensitivity

MOSCOW. — A purge of the top Soviet military leadership over the Red Square plane incident shows the Kremlin's extreme sensitivity about protection of the country's borders, Western defence experts said here yesterday.

The military shake-up was announced Saturday night, 48 hours after 19-year-old West German Matthias Rust piloted a light Cessna plane across 750 km of Soviet territory and landed near the Kremlin wall on the edge of Red Square.

Defence Minister Sergei Sokolov, 75, was retired and Air Defence Commander-in-Chief Alexander Koldunov, 63, was sacked as the ruling Politburo denounced the defence command's inadmissible laxity in protecting Soviet air space.

"If a light aircraft had landed in London, would they have fired the defence minister?" a senior Western military attaché asked yesterday.

Western experts said the Cessna affair had undoubtedly been viewed as particularly grave, given the Kremlin's reconstruction drive aimed at increasing efficiency in all spheres of Soviet life, including the military.

The Soviet armed forces newspaper *Krasnaya Zvezda* (Red Star) drove home the point yesterday, saying military officers from the top down had failed to adapt their work to the new demands.

Western diplomats said Rust, who is being interrogated in Soviet custody, had added insult to injury by touching down in the sanctuary of Soviet power after passing unhindered across territory bristling with anti-aircraft defences.

Only last month, Sokolov bailed anti-aircraft troops for "vigorously maintaining armed guard in defence of Soviet air space," in a message marking Air Defence Forces Day.

One Western defence expert said more heads could be expected to roll

among the top ranks of the military. At a meeting called within hours of Kremlin leader Mikhail Gorbachev's return from a Warsaw pact summit in East Berlin, the Politburo blasted the defence leadership for failing to resort to combat methods to halt the Cessna's flight.

When a South Korean jumbo jet intruded into Soviet air space in September, 1983, Soviet fighters shot it down, killing all 269 people aboard, and the Kremlin responded to world outrage by insisting the decision was within its rights.

In Washington, former National Security Adviser Zbigniew Brzezinski said the swift ouster of Sokolov and Koldunov should be an example for U.S. leaders.

"The Soviets have done what the American high command and political leadership has not had the guts to do — namely, fire the top military when there is a significant setback," Brzezinski said in a phone interview.

Brzezinski, who served under President Jimmy Carter noted that in the loss of marines in Beirut in 1983, the missile attack on the USS Stark on May 17 that killed 37 men, the case of the marines who allowed Soviet penetration of the Moscow Embassy, and the alleged lack of vigilance of U.S. Embassy personnel, "not a single person has been fired. I think the Soviets have given us an example of how one asserts responsibility and accountability."

Jonathan Karp reports from Tel Aviv: Peace Ship owner Abie Nathan yesterday praised Rust for his courage in flying a private plane to Moscow.

"I think that if he did it for peace, he should be commended," said Nathan, who in 1966 flew a biplane from Israel to Egypt on a private peace mission. "It's an important event, and the Russians themselves think so, otherwise they would not have fired top officials."

## Iran seizes seven Kuwaiti 'spy' boats

NICOSIA. — Iran said yesterday that it had seized seven Kuwaiti speed boats in a channel in the northern tip of the Gulf and that all seamen aboard confessed to spying for Iraq.

The official Islamic Republic News Agency, monitored here, said the boats were seized "recently" in Khur Abdallah, a narrow channel that forms a border between Kuwait and Iraq's southern Faw Peninsula. The peninsula was taken by the Iraqis in February 1986.

The agency did not say whether all seven boats were captured at the same time, or give the number of seamen. It said they admitted they were "gathering information for the Iraqi regime under the cover of fishing."

In Abu Dhabi, meanwhile, Iran's foreign minister claimed that President Reagan has lost his "mental balance."

The official, Ali Akbar Velayati, also warned of Iranian retaliation against American and other foreign military forces in the Gulf.

Addressing a press conference in

Abu Dhabi, he lashed out at Reagan's recent allusion to Iran as "that barbaric country," saying, "Reagan's abuses showed a weakness in reason and logic."

"The recent shocks and defeats sustained by Reagan, especially in Iran, made him lose mental balance and turn to cheap and bizarre tactics," Velayati said. "The real barbaric [one] is Reagan's administration."

Iran has warned that the increase in superpower intervention in the Gulf could prompt further incidents such as the May 17 Iraqi air raid on the USS Stark that killed 37 Americans.

But in Saudi Arabia, the press suggested that the U.S. and the Soviet Union had a role to play in stopping the Iran-Iraq war and bringing peace to the Gulf.

Al-Youn, a daily based in Dammam, called on "the superpowers to use their huge capabilities to find suitable conditions for ending the war."

## Indian death toll rises to 54

NEW DELHI (AP). — The death toll in eastern India's worst incident of caste war rose to 54 yesterday after Maoist peasants slaughtered upper-caste landlords, the United News of India reported.

The news agency said a local fire department officer gave the death toll to a UNI correspondent at Bughura village, about 120 km south of Patna, the state capital. Meanwhile, 41 victims of the massacre were cremated on the bank of a nearby river Saturday night.

State officials and police told reporters that 700 to 800 armed leftist peasants attacked seven landlord families early Saturday morning. The victims were beheaded, hacked,

stabbed, shot and burned alive in their houses.

The attackers belonged to the lower-caste Yadav cow-herding community, and police said they were members of the underground Maoist Communist Centre. Most of the victims were upper-caste Rajput landlords.

Bihar, India's poorest and most lawless state, is facing a rising communist movement and peasant revolt by the poor, who are demanding land reform and social justice.

In Bihar and other poor regions lower-caste Hindus are demanding rights guaranteed by the constitution and by law but refused by landlords, traders, moneylenders and others.



Buddhist clergy stage a street demonstration in Seoul, demanding full democracy and accusing the South Korean government of repressing religious activities. Their headbands read: "Down with dictatorship." (Reuters)

## Monks join protests in Seoul

SEOUL (AP). — Some 500 Buddhist monks shouting "Down with military dictatorship" fought riot police with fists yesterday during an anti-government demonstration, witnesses said.

One riot policeman was kicked and punched severely before being released by the monks at a Buddhist temple in eastern Seoul, according to the witnesses.

There were no reports or arrests during the one-hour clash, in which the protesters did not use the usual weapons of student demonstrators such as rocks and firebombs.

About 600 riot police equipped with shields and helmets formed human barricades, blocking the monks from coming out of the temple, the witnesses said. No tear-gas was fired.

The monks were protesting what they called "an inexcusable" police attack to break up a peaceful service at a Buddhist temple in the southern city of Kwangju two weeks ago.

The monks claimed that police fired tear-gas directly into a monastery in Kwangju where several hundred people were holding a memorial service for the victims of the 1980 civil uprising in that city.

Slogans chanted by the monks included, "Down with military dictatorship" and "Drive out U.S. imperialists," the witnesses said.

In Mokpo, 300 km south west of Seoul, two university students were detained yesterday for throwing two firebombs into a police station in the port city, news reports said.

A fire that broke out was extinguished immediately and no property damage was reported.

Anti-government protests have intensified recently, with demonstrators demanding that the government ease political restrictions and carry out broad democratic reforms.

## Thousands visit Holocaust memorial France wracked by Barbie horrors

LYON (Reuters). — The trial of former Lyon Gestapo chief Klaus Barbie for crimes committed during the Nazi occupation is unsettling France, a country disturbed by a new generation of extremists.

Nightly millions of television viewers watch aged survivors of Nazi death camps recount their chilling testimony — for many hearers a shattering experience — before cameras after giving evidence in the vast colonnaded courtroom where Barbie is being tried.

In the court where the dock stand empty because Barbie, the "Butcher of Lyon," refused to attend, crippled wartime victims have given vivid accounts of horrors wreaked on France by the occupying Nazis.

Witnesses have told how guard dogs were set on naked women, children were beaten and Jews and resistance fighters subjected to electric torture. The stories, featured prominently in the French press, have rivaled coverage of the French Open Tennis Championships, and the recent Cannes film festival.

Outside the Lyon Palace of Justice, lines of mostly young people queue daily, hoping to secure standing space in the courtroom. "I know little about the German occupation of France," said 21-year-old Catherine Ackerman. "I want to understand what made a man like Barbie tick, why the Nazis killed Jews and women and children."

Memories of the traumatic four-year German occupation form a historical backdrop to concern about the re-emergence of right-wing extremism and neo-Nazism.

An estimated 75,000 people have visited a 20-metre high memorial to the Holocaust, built for the duration of the trial, in the Lyon town square. At the memorial, hung with photographs of wartime death

camps, the fear of a neo-Nazi revival in France is a recurring theme of messages written in visitors' books.

The popular independent daily *Libération* last Thursday withdrew all copies from sale after editor Serge July belatedly realised that the edition carried a letter from a reader denying the Nazi extermination of Jews.

July, who fired the editor in charge of the letters' page, said in a subsequent editorial that the newspaper could not accept publication of the ideas of so-called "revisionist" historians who query the existence of the gas chambers.

The left-wing daily *Le Matin* published leaflets signed by previously unknown extremists saying AIDS was propagated by Israeli soldiers stationed in Zaire. The paper cleared French extreme right-wing leader Jean-Marie Le Pen of direct responsibility for an increasing number of such leaflets which have circulated since the beginning of the Barbie trial, but added: "When a politician awakens fear in people he sparks an inevitable process: Old demons reawaken, dating back to the times of plague and epidemics in which the Jews and the sick were made to wear distinguishing signs."

Mainstream conservative parties, gearing up for presidential elections next year, face an erosion of support from right-wing voters increasingly turning to the National Front.

## FOREIGN BRIEFS

### Soviet doctors jailed for corruption

MOSCOW (AFP). — A senior Soviet doctor and several of his colleagues have been jailed for terms ranging up to 11 years for corruption, the Soviet news agency Tass reported on Saturday.

The agency said the doctors at a hospital in Yaroslavl, some 200 km. northeast of Moscow, had been found guilty of "forgery, accepting bribes from their juniors to put them up for unwarranted wage bonuses, and stealing hospital property." It did not say how many persons had been involved.

### U.S. intercepts four Soviet bombers

ANCHORAGE, Alaska (AFP). — U.S. Air Force and Navy fighters intercepted four Soviet bombers last Friday in international airspace off the Alaska coast, a military spokesman announced. The Navy F-14 Tomcats met two TU-95H Bear bombers in the Aleutian Islands, while Air Force F-15s intercepted two Bears in the extreme northeast of Alaska. Friday's actions brought the number of intercepts this year to 12. Lt. Col. Ted Tilma, spokesman of the Alaskan Air Command said.

### Iran may cut diplomatic ties with UK

LONDON (Reuters). — Relations between Britain and Iran remained strained yesterday after Teheran refused to explain the 24-hour abduction of a British diplomat, with a British Sunday newspaper saying Iran was considering cutting diplomatic ties with London. The *Sunday Times* said an Iranian source had hinted that Teheran might break off diplomatic relations with Britain. The row involves British diplomat Edward Chaplin, abducted on Thursday and held overnight in Teheran, and Iranian consular official Ahmed Ghassemi, arrested by British police on shoplifting charges. Chaplin was abducted in retaliation for Ghassemi's arrest, British officials say.

### Parts of two hands used to make one

PITTSBURG (AP). — A paper mill worker lost his hands in an industrial accident, but surgeons fashioned one hand for him by using parts from both mangled hands.

Daniel Ershberger, 25, got his hands trapped in machinery at a paper plant in Roaring Springs at the weekend and was taken to Pittsburgh's Allegheny general hospital. In an 18-hour operation, surgeons saved the palm and thumb on his left hand and reattached them to his left wrist. They were unable to save any fingers on his left hand, but attached three fingers from his right hand to it.

### Acquino foes demand return of Marcos

MANILA (Reuters). — Right wing foes of Philippine President Corason Aquino yesterday rejected her call for reconciliation, accused her of election fraud and urged the return of deposed ruler Ferdinand Marcos. Refusing to concede defeat in congressional elections, a leader of the opposition New Society Movement, the party Marcos founded in his days in power, told a Manila rally: "We will petition President Reagan for the return of President Marcos."

### Poles crack down on opposition

WARSAW (AFP). — Prof. Bronislaw Geremek, adviser to the outlawed Solidarity movement, was arrested at his home here yesterday in a continuing crackdown on the opposition, according to reliable sources here.

Polish police also arrested about 10 Solidarity officials in Wrocław, in the southwest, and Szczecin, in the north of Poland, on Friday and Saturday. Most of the arrested men were released after receiving warnings about their activities during the pope's visit, scheduled for June 8 to 14.

## Botha seeks Western help to quell S. Africa violence

JOHANNESBURG (Reuters). — President P.W. Botha has asked President Reagan and other Western leaders for help in ending violence in South Africa, state television and a pro-government newspaper said yesterday.

South African Broadcasting Corporation television said Botha had written to the heads of seven Western governments who will attend a summit in Venice from June 8 to 10. It gave no details of the letters but the pro-government newspaper *Beeld* listed the main points.

The paper quoted Botha as saying Western countries must break rela-

tions with the African National Congress.

Botha also wrote that South Africa wanted to live in peace with its black-ruled neighbours, according to *Beeld*. His letter said the West had not given South Africa credit for the reforms of the apartheid system it had carried out.

The reform programme ground to a halt when the government imposed a state of emergency in June last year after a wave of black unrest.

Since then about 25,000 people have been detained without trial and strict censorship has been introduced.

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# Foreign Ministry forms fast computerized unit for reports, briefings

MK Mordechai Virshubski (Shinui), who serves on both the Shin Bet and the police subcommittees, is more sceptical than Lynn about the propriety of working in conjunction with a judicial probe. "It will be strange," he says, "if the same people will have to appear before both bodies and talk about the same things."

The division also intends to renew its information drive in the Arab world. Researchers are gathering material for booklets and perhaps a film whose thrust is to depict the Middle East without war. Such material could reach the Arab world through Arab students in the U.S. and Western Europe, and through the embassy in Cairo.

Navratilova's 6-0, 6-2 victory over Sylvia Hanika of West Germany, the number 15 seed will act as a warning to Graf and Sabatini that she also means business.

Eighth seeded West german Claudia Kohde-Kilsch survived a hazardous assignment in front of the notoriously chauvinistic crowd on the centre court when she beat St. Tropez teenager Nathalie Tauziat 6-1, 3-6, 6-0; she will now face Navratilova in her quarter-final match.

Elsewhere in the American League, it was the Toronto Blue Jays 4, California Angels 3, 10 innings; Chicago White Sox 3, Boston Red Sox 2, 10 innings; Seattle Mariners 12, Baltimore Orioles 8; Kansas City Royals 12, Texas 7.

In-form Claire Levine, 19, took her third women's crown, with a 3-0 (9-5, 9-1, 9-4) last-round success against the promising 16-year-old Dganit Vilner.

## BOXING

A key three-point basket by Celtics guard Danny Ainge with 25 seconds left in the game gave Boston a three-point lead. Detroit then desperately tried to catch up without their leading scorer in the series, Adrian Dantley.

Dantley left the game with 18 points late in the third quarter after colliding with a teammate and suffering a concussion. He was removed from the court on a stretcher.

**Ayalon also concluded that regular physical exercise can even prevent the onset of osteoporosis.**

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# Perilous Watch

## Reagan Is Preparing to Sail In Uncharted Policy Waters

By DAVID K. SHIPLER

**L**ATE last Thursday afternoon, Defense Secretary Caspar W. Weinberger briefed Congressional leaders on what amounted to a postponement of the plan to put American flags on Kuwaiti oil tankers in the Persian Gulf. At the same time, however, a White House spokesman, Dan Howard, was insisting to a reporter that the "reflagging" would go ahead as scheduled this week. And the same evening, just after the Weinberger briefings on the delay, Secretary of State George P. Shultz told news- men, "I don't know of any decision to delay."

Whether it was deception or disarray, the contradiction seemed to play into the hands of Congressional critics who say the Administration's foreign policy has been incoherent, indecisive and fraught with internal secrecy. And it again reinforced the impression that the Reagan White House, battered by the Iran-contra affair and hampered by a Democratic-led Congress, is likely to drift through its final year and a half without much substantive achievement in the international arena.

From its outset, the Administration has shown an affinity for small-scale, low-risk military ventures, although not always with sufficient attention to possible consequences. The invasion of Grenada, hardly a formidable enemy, seemed an efficient way to depose a leftist government. Last year's air strikes on Libya may have contributed to Col. Muammar el-Qaddafi's subsequent inactivity on the terrorism front. The Nicaraguan rebels, however, have drawn Administration officials into operations of questionable legality and unproductive combat with Congress, without concomitant military benefit. And in sending marines to Beirut as peacekeepers in 1982, President Reagan and his advisers overlooked Lebanon's longstanding history as a quagmire where outsiders have been dragged into fatal powerlessness.

### Difficult Questions

As the Persian Gulf developments unfolded last week, Congressional leaders voiced angry concern that somewhat the same thing might happen there, but on a larger scale. Alarmed by the May 17 Iraqi missile strike on the United States frigate Stark, in which 37 American seamen died, legislators were asking difficult questions: If the Kuwaiti tankers or their American escort warships were attacked, say by Iran, would the United States merely defend the ships or retaliate, perhaps taking out the Chinese-made Silkworm missiles that Iran has been deploying along the Strait of Hormuz? Would a token Navy force suffice, or would there be an inexorable process of escalation? Would air cover be provided? Under what conditions would Navy captains be authorized to open fire?

It quickly became apparent that none of this had been fully thought through at the White House or Pentagon. The offer to provide United States registry to 11 Kuwaiti tankers had been made out of the old, reflexive fear of Soviet expansion, when Kuwait requested protection from Moscow as well as Washington. "We don't have any desire to see the Soviets assume a role in the Persian Gulf," Mr. Shultz said. Since Iran had attacked 25 Kuwaiti tankers since September but had avoided American ships, officials reasoned, the

Stars and Stripes would probably be a deterrent. "Our presence is a deterrent factor, and it has been respected, and I think wisely so, on the part of Iran," Mr. Shultz said.

But what if Old Glory proves less daunting than expected? The Navy has been waiting for Administration policy-making officials to decide on guidelines for escorting, retaliating, defensive measures and the like, so the appropriate forces can be selected and procedures worked out. Hence the delay in "reflagging" the Kuwaiti ships.

The vagueness and the risks caused an outcry on Capitol Hill, where the Democratic leadership was incensed at President Reagan's failure to consult Congress, as required by the War Powers Resolution. The Administration argued that even amid the Iran-Iraq war, the Persian Gulf did not constitute a situation, as defined by the 1973 law, "where imminent involvement in hostilities is clearly indicated."

### Presidential Resolve

The practice of secret policy-making was denounced in the Senate by the Majority Leader, Robert C. Byrd of West Virginia. "The only reason for that kind of practice is that the resulting policy for some reason cannot stand the light of day, cannot stand the scrutiny of the checks and balances of the American democratic system," he said. "Haven't we learned that any policy which puts our sons and daughters out there on the edge has to have the support of the American people?" (Debating the right global mission for the Navy, page 3.)

In an effort to gather support, at week's end, President Reagan read a brief statement of resolve in the White House pressroom. "Mark this point well," he declared. "The use of the vital sea lanes of the Persian Gulf will not be dictated by the Iranians. These lanes will not be allowed to come under the control of the Soviet Union. The Persian Gulf will remain open to navigation by the nations of the world." He recalled "the Middle East oil crisis of a few years ago: the endless, demoralizing gas lines, the shortages, the rationing, the escalating energy prices, double-digit inflation, and the enormous dislocation that shook our economy to its foundations." He concluded: "But this will not happen again, not while this President serves."

In fact, however, the United States gets only about 4 percent of its oil through the Strait of Hormuz. Western Europe and Japan are more heavily dependent, leading some Republicans as well as Democrats in Congress to ask why the allies are not contributing ships or funds to the security operation. In Brussels, NATO Defense Ministers reacted coolly to Secretary Weinberger's suggestion that they should play a role. Only Britain has a permanent naval presence, three warships, in the Gulf. Japan's war-renouncing constitution forbids sending military forces outside its territorial waters.

It was Iraq, not Iran, that began the attacks on tankers and has hit most of the ships. American investigators who visited Baghdad last week accepted Iraq's assertion that the attack on the Stark was accidental. They were told that the Iraqi pilot, whom they were not allowed to interview, was very experienced, with 1,300 hours of flying time and 15 successful missile attacks on tankers. He apparently mistook the Stark's radar blip for that of a tanker.

If Iran attacks, however, it is not likely to be given the benefit of the doubt.

### Oil consumers and their stake in the Gulf

(annual averages for 1986)

|   | United States | Japan | West Germany | France | Italy | Britain |
|---|---------------|-------|--------------|--------|-------|---------|
| Total oil consumption (in millions of barrels per day)                            | 16.7          | 4.3   | 2.4          | 1.8    | 1.8   | 1.5     |
| Percent of total oil consumption imported   | 37%           | 100   | 100          | 94     | 100   | *       |
| Percent of total oil consumption imported from Persian Gulf by tanker or pipeline | 6%            | 60    | 10           | 33     | 51    |         |
| Percent of total oil consumption passing through Strait of Hormuz by tanker**     | 4%            | 60    |              |        |       |         |

\*Britain is a net exporter of oil  
\*\*estimates for second quarter of 1987 Source: Department of Energy

### Pretrial Detention Ruling Caps a Trend

## Increasingly, Supreme Court Takes the Prosecution's Side

By STUART TAYLOR JR.

**T**HE Supreme Court's landmark decision last week upholding "preventive detention" of allegedly dangerous defendants was more a milestone than a surprise. It capped a 15-year trend, in which the Court has sided more and more with prosecutors against criminal defendants.

Under Chief Justice Earl Warren in the 1960's, the Court was known for reversing convictions and curtailing the abilities of police and prosecutors to use illegally obtained evidence and interrogate arrested suspects. Now the Court is frequently reversing lower courts that give a broad interpretation to defendants' constitutional rights and the Warren Court precedents that expanded them. While relatively liberal on such civil rights issues as affirmative action, the Court is increasingly unresponsive to civil liberties claims by criminal defendants.

In its current term, the Court has ruled for the prosecution in 19 of the 27 criminal law decisions. In 16 of the 19, it reversed pro-defendant decisions by state or Federal appellate courts.

In last week's preventive detention case, United States v. Salerno, the Court overturned by 6 to 3 a decision by the Federal appeals court in Manhattan striking down as unconstitutional a 1984 Federal law that for the first time authorized pretrial jailing of certain defendants deemed likely to commit future crimes.

Prosecutors have also won the three other major criminal law decisions this term: a decision upholding Georgia's death penalty system despite strong statistical evidence that killers of whites are far more likely to be condemned than killers of blacks; a ruling that sharply cut back a 1982 decision that had been widely viewed as

barring use of the death penalty against any defendant who neither killed nor intended to kill, and a holding that evidence found in an unconstitutional warrantless search may be used if the police reasonably believed at the time that the statute authorizing such searches was valid.

While the Court has not flatly overruled major Warren Court decisions expanding defendants' rights, as Attorney General Edwin Meese 3d would like, it has sharply limited both their rationale and their reach. The Court's approach to Chief Justice Warren's 1966 ruling in *Miranda v. Arizona* is illustrative. That decision required police officers to inform arrested suspects of their rights to remain silent and to have a lawyer present, and barred questioning once such a suspect has requested a lawyer.

### Angst Levels Rise:

Gorbachev's winds of change are making both Germanys chilly

2

In 1984, the Court carved out a substantial exception from these rules, holding that "overriding considerations of public safety" could justify immediate questioning of suspects without first telling them of their rights. And in four decisions during the current term, it overturned rulings broadly interpreting *Miranda* and related rights.

### Making Exceptions

The Court has similarly narrowed the once-absolute "exclusionary rule" that evidence obtained in unconstitutional searches may not be used in criminal trials. After chipping away at it for years, the Court cut a hole in the rule in 1984, holding that prosecutors may use evidence obtained by police in reasonable reliance on a search warrant later held to be invalid.

This tough-on-crime approach reflects the fact that the Supreme Court in the long run is affected by public opinion, mainly through the Presidential appointments process.

The public has long been unsympathetic to civil liberties arguments that make it harder to jail criminals. The preventive detention law that the Court upheld last week, for example, was part of a broad election-year anti-crime package that passed in 1984 by votes of 95 to 1 in the Senate and 406 to 16 in the House, despite passionate opposition by libertarians who see preventive detention as a step toward a police state.

All five of the appointees of Presidents Nixon and Reagan on the Court voted to uphold the law. This

was no accident: Both had taken a tough stance against crime as candidates, and both openly sought to use their appointments to change the Court's direction.

Chief Justice William H. Rehnquist, appointed by Mr. Nixon and elevated by Mr. Reagan, wrote the preventive detention decision. In the 27 criminal law decisions this term, he has voted against the defense in all but two, which were minor and unanimous rulings.

Also voting to uphold preventive detention were Justices Sandra Day O'Connor and Antonin Scalia, both Reagan appointees; Justices Harry A. Blackmun and Lewis F. Powell Jr., both Nixon appointees, and Justice Byron R. White, President Kennedy's only appointee, who has drifted to the right in recent years. Excepting only Justice Blackmun, all have cast the overwhelming majority of their votes with the prosecution.

At the other end of the spectrum, Justices William J. Brennan Jr. and Thurgood Marshall, the Court's most senior members, vote for the defense in almost every criminal case. They dissented from the preventive detention decision, Justice Marshall declaring it "truly a decision which will go forth without authority, and come back without respect." Also dissenting was Justice John Paul Stevens, who was appointed by President Ford and who often but not always sides with the defense.

In most 5-to-4 decisions in criminal cases, those three and Justice Blackmun are the dissenters. Once in a while one or two of the others, though almost never Chief Justice Rehnquist, will join them to form a majority for the defense. Such a case was last year's 6-to-3 ruling, written by Justice Powell, that prosecutors may not exclude blacks from juries based on speculation that they would favor defendants of their own race.

In the biggest cases, however, the prosecution almost always comes out on top, and the dissents are increasingly bitter.



# The World

## Teen-Ager's Flight To Kremlin Wall Jolts Politburo

To the amazement of all and the consternation of Soviet authorities, a 19-year-old amateur pilot from West Germany flew a tiny single-engine plane across more than 400 miles of heavily guarded Soviet territory last week and landed next to the Kremlin wall at the foot of Red Square.

Matthias Rust, a vacationing computer operator, took off in a rented Cessna 172 from Helsinki, Finland, ostensibly bound for Stockholm. Then he made an abrupt U-turn toward Moscow, where he reportedly circled the main Government palaces before landing on a cobblestone square amid startled strollers Thursday evening. Passers-by got the pilot's autograph, and an artist painted the blue-and-white plane parked near the famous onion domes of St. Basil's Cathedral. The police took Mr. Rust into custody.

Soviet authorities were not amused. The ruling Politburo called a special meeting yesterday and removed the 76-year-old Defense Minister, Marshal Sergei L. Sokolov, and Aleksandr Koldunov, an aide who headed Soviet air defense forces.

Moscow television said air defense radar had spotted the Cessna as it approached the border. "Soviet fighters twice flew around it," the broadcast said. "The Politburo noted that the commanders of the air defense forces manifested an unpermissible carelessness and indecisiveness," it added, and they criticized the "absence of proper alertness and discipline and major failures in management of troops from the Ministry of Defense."

A Western attaché was gentler. "We can't paint them as dumb," he said. "Is the profile of a sporting aircraft at low altitude the same as the profile of a cruise missile?"

### 'Voice' Jamming Stops

Flipping the dials of their short-wave radios last week, Soviet listeners encountered a surprising absence of the customary Kremlin-sponsored drone overpowering the Voice of America's programs in Russian, Ukrainian, Uzbek and six other languages. Officials in Washington said Moscow had stopped jamming the Voice's Soviet-language programs for the first time since 1980.

Charles Z. Wick, director of the United States Information Agency, which supervises the Voice, welcomed what he called a Soviet move toward opening "their closed society." But he complained that some Soviet jamming devices may have been redirected at the West German and Israeli stations as well as the American Government's Radio Liberty and Radio Free Europe broadcasts, which specialize in reporting and editorial comments by émigrés from Communist countries. Moscow had stopped jamming the BBC in January.

## Japan Spends to Ease U.S. Deficit

Japan promised last week to divert \$43 billion to stimulate its domestic economy and pare runaway trade surpluses with the United States. For skeptics who recalled unfulfilled promises of yesterday, Kunio Miyamoto, a senior Japanese economic official, offered assurances.

"Let me stress that this is different from past packages," he said. "So do trust us."

Prime Minister Yasuhiro Nakasone announced the spending package in time for his meetings in Venice next week with President Reagan and other leaders of industrial nations. Veering from past austerity policies, he pledged swift action on a \$23 billion public works program, \$7 billion in tax cuts, \$5 billion in housing loans, and an assortment of Government purchases, reduced interest rates and disaster-relief projects.

Japanese officials said the package, if approved by Parliament, would trim about \$5 billion from trade surpluses that reached \$58 billion with the United States last year. Japan's last attempt, a \$21 billion expansion package, had little effect. This time, Mr. Nakasone promised to "reflate the economy" by spending heavily on public works in the first half of the current fiscal year.

## Barbie Briefly Faces Accusers

Ever since May 13, when Klaus Barbie walked out on his trial in Lyons, France, for crimes against humanity during World War II, his accusers have demanded the chance to confront the onetime Gestapo official in court. Last week, four veterans of the wartime French Resistance got their wish.

On orders from Judge André Cerdini, the 73-year-old former Nazi was forced to return to be identified

by people who say he subjected them to beatings with a whip and chain, hanging by the hands, and near-drownings.

"That is the man," said Raymond Guyon, a Roman Catholic doctor who ran a Resistance newspaper and who helped smuggle Jews out of France, after the country fell to the Nazis.

"It was he who interrogated me, tortured me. It was he who told me my husband would be shot — and he was."

Mr. Barbie, who denies he was linked to the Nazi campaign of genocide against Jews, read a short statement reiterating that he had been kidnapped illegally in Bolivia four years ago and protesting his trial.

Next day, resuming his boycott of the proceedings, as permitted by French law, Mr. Barbie was absent when witnesses accused him of responsibility for the arrest of 44 Jewish children at a farmhouse near Lyons.

Jacques Favet, a retired farm laborer, said he had seen Mr. Barbie at the scene where the children were kicked and thrown "like sacks of potatoes" into trucks, which took them away for deportation to the gas chambers of Auschwitz.

## Cuban Air Hero Flies to Florida

During the 1961 Bay of Pigs invasion, Rafael del Piño Díaz was a hero among the Cuban pilots who helped defeat the United States-supported, anti-Castro invaders. Later, as a general, he is believed to have fought with Cuban forces in support of the Marxist Government in Angola.

Last week, he put four members of his family in a small plane and piloted it to the Key West, Florida Naval Air Station, where he asked for asylum.

"If he is who he says he is, he is the biggest intelligence catch we've ever had from Cuba," a Reagan Administration official said. A State Department spokesman added, "As a senior military official with experience reaching back over many years in several areas of Cuban activity, he is obviously in command of significant military and political information."

Mr. del Piño described himself on arrival as the Deputy Chief of Staff of the Cuban Defense Ministry and former chief of the Cuban Air Force. Cuba acknowledged that he had been a hero at the Bay of Pigs but said that a military medical commission had grounded him as a pilot on Jan. 27 because of eye problems and periods of "psychic stress." It also said he had been demoted to a position as organizer of an air force museum.

## Justice in Israel: 2 Delicate Cases

There were two cases last week of how justice works in Israel.

On Sunday night, the Supreme Court issued a ruling that a loyal Moslem officer in the Israeli Army had been framed by Shin Beth, the domestic intelligence service and unjustly sentenced to 18 years in prison. President Chaim Herzog praised the decision, saying the case made him "ashamed." The court confirmed that in framing the officer, Lieut. Izat Nafsu, his interrogators had come close to torturing him into confessions of treason and espionage. The court ordered the officer, who had served seven and a half years in prison, freed immediately. The decision badly damaged the credibility of Shin Beth and it left the Israeli public somewhat stunned.

At week's end, Attorney General Yosef Harish defied the wishes of Prime Minister Yitzhak Shamir and ordered a police investigation of charges that Shin Beth officers committed perjury in the Nafsu case.

On Tuesday, two Israeli Government investigations into the Pollard case — the Israeli espionage operation in Washington — cleared all of Israel's political leaders of any knowledge of or involvement in the affair. One investigation was by a parliamentary committee headed by Abba Eban, a former Foreign Minister, the other by a commission appointed by the Cabinet. Both concluded that although Mr. Shamir, Foreign Minister Shimon Peres and other top officials had no direct knowledge of the spy operation conducted by their subordinates, they bore ministerial responsibility for what happened when Jonathan Jay Pollard, an American Navy intelligence analyst, was engaged by Israeli agents to sell them hundreds of top-secret American military documents. Mr. Pollard has been sentenced to life in prison. The issue caused a temporary strain in relations between Washington and Jerusalem. On Wednesday, the Cabinet voted, 14 to 3, to approve the conclusion of its own commission that the Cabinet was collectively responsible for the Pollard affair, but not any specific minister. Zeev Chafetz, a former official and now a political writer, called the commission report "a joke."

James F. Clarity  
and Milt Freudenheim

## His Policies Are Raising the Angst Levels

# Gorbachev Is Making Both Germanys Edgy

By JAMES M. MARKHAM

**M**IKHAIL S. GORBACHEV is making the Germans nervous — East Germans and West Germans alike. The Soviet leader has East German Communists fretting about the implications of his innovative course at home for their tightly run authoritarian state; on the other side of the border, West German strategists fear that the Soviet chief's aggressive pursuit of nuclear disarmament may leave them vulnerable to the conventional might of the Warsaw Pact and open to political blackmail.

Mr. Gorbachev swept into East Berlin last week for a summit of Warsaw Pact leaders held in the restricted confines of a Swedish-built luxury hotel. He had stopped off in Bucharest, where he lectured President Nicolae Ceausescu on the merits of "openness and democracy" in Communism, where each citizen should feel himself to be "not just a simple cog in the machinery of the state but an autonomous personality and a creative person."

This message got a frosty reception from Mr. Ceausescu, who has made himself the object of a

quasi-imperial personality cult in impoverished Rumania. Striving for a more upbeat mood, Erich Honecker, the 74-year-old East German leader, greeted Mr. Gorbachev in East Berlin with effusive kisses — and Raisa Gorbachev with a comradely handshake.

And, in contrast with the past, the East German media did not edit out the Russian's unsettling "democratic" utterances.

The East Germans have made it plain that they have little to learn from Mr. Gorbachev's attempt to shake up the slothful Soviet economy. The Honecker approach has been to endorse Mr. Gorbachev's disarmament initiatives while remaining skeptical about his domestic course.

"If your neighbor put up new wallpaper in his home, would you feel obliged to put up new wallpaper in your own?" asked Kurt Hager, a 75-year-old East German Politburo member in a recent interview with a West German magazine.

"We believe it would be wrong to oblige Germany to follow the Soviet way since it does not correspond to the current conditions of development in Germany." The party daily Neues Deutschland, significantly, carried this text.

But the other side of East German arrogance is angst — fear that, notably in the realm of culture, the authorities will have to loosen the reins.



East German leader Erich Honecker (fourth from left) welcomes Mikhail S. Gorbachev to East Berlin. With them are Soviet President Andrei A. Gromyko (left) and Prime Minister Nikolai I. Ryzhkov.

## Quebec and Ontario Have the Votes and Get the Contracts

# Canada's West Feeling Neglected

By JOHN F. BURNS

**W**ILLIAM VANDER ZALM, the Dutch-born Premier of British Columbia, exudes the bonhomie of one who knows that he and his fellow citizens in have something to celebrate. "Welcome to British Columbia, God's chosen place in North America," he said one day recently, guiding a visitor to a seat in his office in Victoria, the provincial capital. With its mountains, its fertile inland valleys and the spectacular metropolis of Vancouver, British Columbia would rank high on any list of the world's most-favored places.

But Mr. Vander Zalm, in common with many of his province's 2.5 million citizens, offers a striking counterpoint. By his account British Columbia is one of the poorer sisters of the Canadian confederation, its interests routinely subordinated to those of the populous central provinces of Ontario and Quebec.

Last week, the attentions of the national Government were once more turned to Quebec during the visit of President François Mitterrand of France, part of whose mission was to bind up the wounds opened 20 years ago when Charles de Gaulle shouted the separatist slogan "Vive le

Quebec Libre" at City Hall in Montreal. Mr. Vander Zalm, meanwhile, was meeting with the premiers of the other three western provinces, Alberta, Saskatchewan and Manitoba, in an annual gathering designed to attract Ottawa's attention to the problems of the west. The premiers asked for three billion Canadian dollars from Ottawa to help grain farmers, suffering their worst recession since the 1930's; for higher levels of assistance to Alberta's oil industry, where two-thirds of the drilling rigs stand idle; and for an increased share in federal government contracts, now overwhelmingly dispensed in Ontario and Quebec. But on the front pages it was Quebec, not the west's imprecations, that made the news.

The complaint is not new here, nor elsewhere in the western provinces. Since Canada was founded in 1867, there have been recriminations in the less populous provinces over the predominant role played by Ontario and Quebec, where three-fifths of the nation's 25.5 million people live.

And politicians from these two provinces have regularly occupied the office of Prime Minister in Ottawa. Only one westerner held that post, John Diefenbaker of Saskatchewan, and his tenure, 1958 to 1963, is widely regarded as a failure.

"The federal government has implicitly recognized that the system is inequitable, that British Columbia has not been given its fair share in confederation," Mr. Vander Zalm said, rattling off a series of statistics to show that the province gets less than its share of federal contracts, a fraction of the highway funds that it

is due, and so forth.

He added, "If you want proof of it, come to any political rally. If you stand up and attack the feds you can't go wrong. It's the most popular issue every time." Few Canadian leaders have succeeded in being broadly popular in all regions of the country, and some, like former Prime Minister Pierre Elliott Trudeau, have become pariahs in the west.

The current Prime Minister, Brian Mulroney, raised widespread expectations in the west when he led his Conservative Party to power in 1984, but he, too, is widely derided these days across the 2,400 miles of prairie and mountain that separate Toronto from Vancouver.

Mr. Mulroney is a native Quebecer. Like Mr. Trudeau, and whatever hope he has of re-election in 1989 depends heavily on maintaining his near-sweep of the province in 1984. Partly because of this, he has continued the Trudeau practice of swinging major federal contracts to Quebec, to the ire of the west.

And earlier this month, the Prime Minister sought new and more far-reaching concessions for Quebec. In a meeting at Meech Lake in Quebec, he persuaded a previously skeptical Mr. Vander Zalm and another outspoken western premier, Donald Getty of Alberta, that formal recognition of Quebec as a "distinct society" in

Already, Pravda is eagerly snatched up at East German kiosks, and East German visitors to Moscow come home excited about the lively Russian cinema and arts scene.

For Mr. Honecker, whose people already are lured at night by West German television, the winds of change from the east are chilling. Some Western diplomats in East Berlin believe that the East German is not yet convinced that Mr. Gorbachev will survive in power or stay his reformist course.

Leaders like Mr. Ceausescu and Mr. Honecker present a dilemma for Mr. Gorbachev. These gerontocrats have a demonstrated ability to keep their home fronts quiet, something the Russian leader needs if he is to bring about significant change within the Soviet Union.

Yet in the longer term, Mr. Gorbachev will want an Eastern European leadership identified with and indebted to him — and not linked to the now discredited Brezhnev era.

In East Germany, his man could turn out to be the fast-rising Berlin party leader, Günther Schabowski, who is in his mid-50's and makes little secret of his aspiration to become a German Gorbachev. Mr. Honecker has been grooming Egon Krenz, a 50-year-old Politburo member who has a Russian wife, as his dauphin.

In West Germany, Chancellor Helmut Kohl and his conservative Christian Democrats have abandoned a rear-guard struggle to stave off a superpower accord abolishing medium- and shorter-range missiles in Europe. Mr. Kohl will, reluctantly, announce modified acceptance of Mr. Gorbachev's "double zero" proposal to the Bundestag this week.

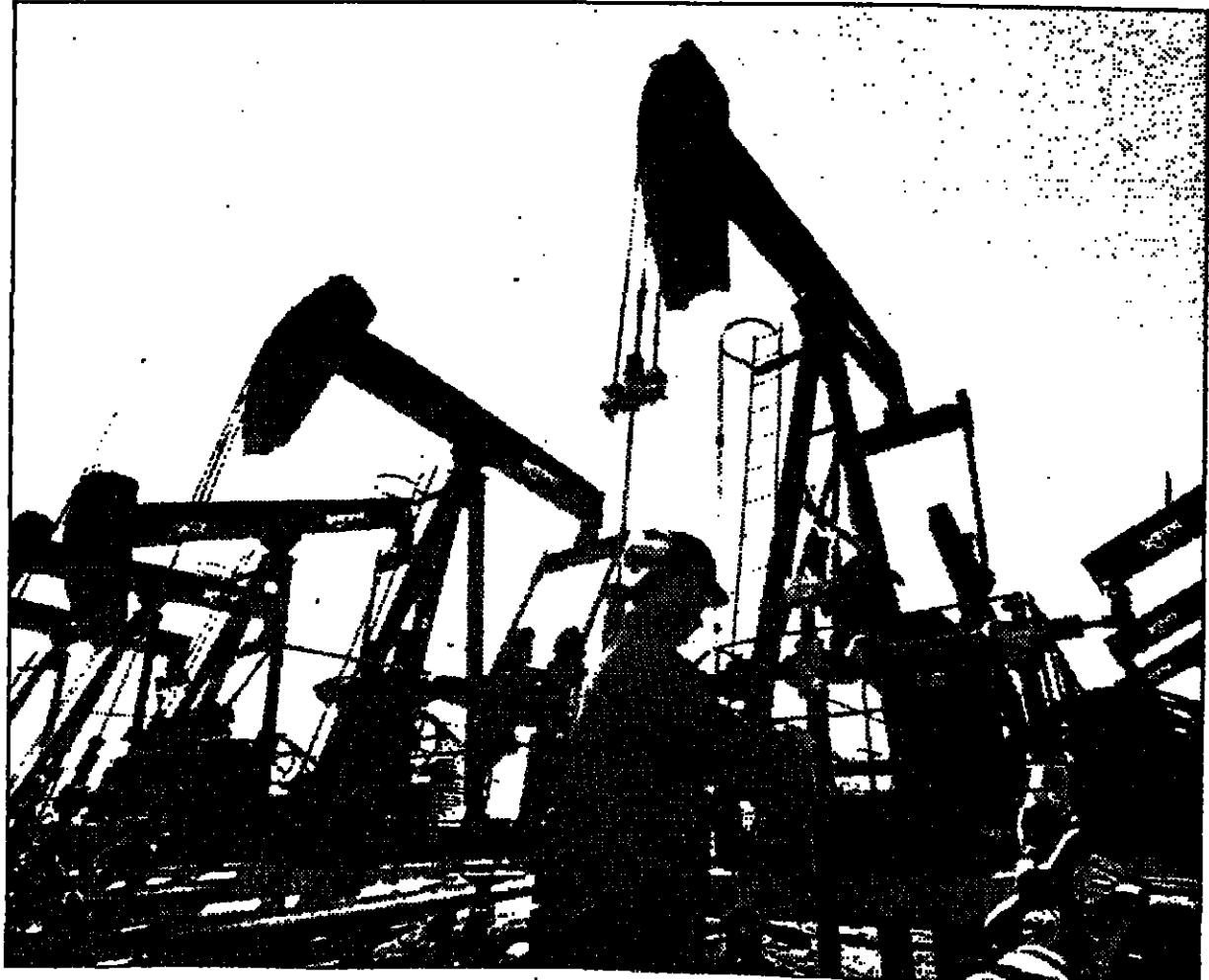
Yet the Christian Democrats' cave-in on the missile question has left many of them embittered with the Reagan Administration — which effectively backed the Soviet line on "double zero" — and very nervous about the future.

"We stand on the ruins of our nuclear strategy," a senior West German official commented privately at a gathering of NATO defense ministers in Brussels last week.

Yet if both Germanys are being made edgy by the activist Mr. Gorbachev, they can take consolation in the fact that German-German relations are on solid footing.

Mr. Kohl has few foreign policy accomplishments to his credit, but one of his quiet achievements over the last five years has been to weave even more thickly the web of bilateral agreements and human contacts to the other German state.

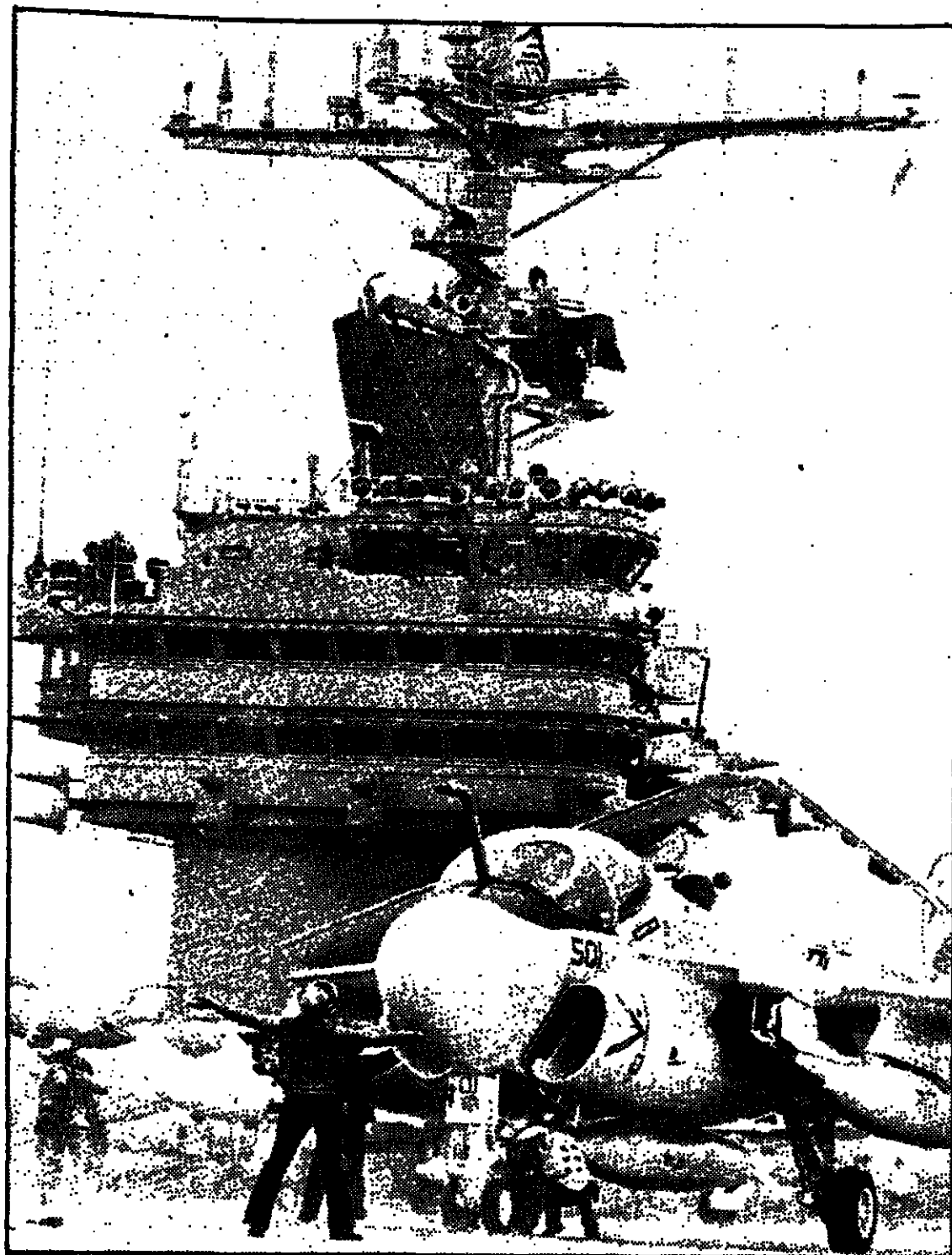
Mr. Honecker has been a willing partner in this enterprise, not because he is a closet German nationalist, but because good ties with West Germany are popular with his people. The number of East German visitors to West Germany is up sharply and East Berlin is exploring a big energy import deal with Bonn. The two Germanys have Gorbachev angst, but at least they have each other.



Oil worker in Alberta, where two-thirds of the drilling rigs stand idle.



## A Dialogue: What Kind of Navy Does the U.S. Need?



An A-6 Intruder attack plane readies for take-off from the deck of the carrier Nimitz. Contact/Dick Halstead

### Dimensions of the global fleet

|                               |         |
|-------------------------------|---------|
| Military personnel            |         |
| Navy                          | 587,000 |
| Marines                       | 200,000 |
| Aircraft carriers             | 14      |
| Battleships                   | 3       |
| Cruisers                      | 33      |
| Destroyers                    | 69      |
| Frigates                      | 114     |
| Strategic submarines          | 37      |
| Attack submarines             | 100     |
| Amphibious warfare ships      | 62      |
| Patrol combatants             | 6       |
| Mine warfare ships            | 3       |
| Mobile logistic/support ships | 116     |
| Total ships                   | 557     |
| Navy attack aircraft*         | 853     |
| Navy fighter aircraft*        | 77      |
| Marine attack aircraft*       | 427     |
| Marine fighter aircraft*      | 33      |

\*includes Reserves

Source: U.S. Navy

## Exocet Attack in Gulf Prompts Hard Look at Fleet Strategy

**A**FTER six years of strenuous military buildup, the Reagan Administration is within sight of its goal of a 600-ship Navy. More than 550 vessels are on hand, with the rest to be delivered in the next year or so. John F. Lehman Jr., who retired last month as Navy Secretary, summed up the maritime strategy used by the Administration to justify the expense in building such a fleet with the old slogan dispatching the Navy to "go in harm's way." In a major war, the strategy calls for attacking Soviet bastions with carrier-based aircraft early; in peacetime, it calls for a naval presence ready to perform at a moment's notice in far-flung trouble spots.

Always a subject for debate in Congress and among military analysts, this naval policy is being reassessed in light of the Iraqi missile attack on the frigate Stark in the Persian Gulf May 17, in which 37 sailors died. Last week, John H. Cushman Jr., a reporter in the Washington bureau of The New York Times, raised some of the issues in interviews with Vice Adm. Joseph Metcalf 3d, Vice Chief of Naval Operations for Surface Warfare and commander in 1983 of the task force at Grenada, and William W. Kaufmann, a senior analyst at the Brookings Institution and author of a new study, "A Thoroughly Efficient Navy." Excerpts are at right:



**Metcalf**  
**'How Much Is Enough?'**

**Question.** In a year when the Navy is seeking funds for two new aircraft carriers to replace older ones, some say you are consuming a disproportionate share of the military budget.

**Answer.** I say wrong, absolutely wrong. If you take a look at ship construction, you will find that in recent years it has remained the same or slightly less. The Navy is getting more for its money, more ships. The Office of the Secretary of Defense divides up the money that is available, and the Navy is getting its aircraft carriers within that allocation. This wasn't something that was taken out of an Air Force or Army allocation.

**Q.** It is also argued that 15 active aircraft carriers is more than adequate, that you can manage with 12.

**A.** Other assertions have been made that you need 22 or 25. The Joint Chiefs of Staff has a number calling for 22. We have put together a maritime strategy that says, these are the things the Navy can do, based on 15 carriers and four battleship groups. The issue is, how much is enough, and we could have that argument until hell froze over.

**Q.** Is the Navy spread too thin to perform its global mission?

**A.** The global mission defined as our maritime strategy is a war-fighting mission. Then there is the Navy operating in peacetime, the environment into which the Stark episode falls. If we are talking about the mission in peacetime, then the answer is yes, it can be done. We had very difficult times back in the late 1970's. Because of our [lower] force levels, we had aircraft carriers and battle groups that went to sea for as long as 210 days. In theory you can do that, if that's the way you want to operate ships and stretch people. We paid a terrible price, but we did it.

**Q.** What does the attack on the Stark tell you about the vulnerability of surface ships in the face of increasingly sophisticated anti-ship missiles?

**A.** The Stark took a hit in the worst possible place, and survived. Contrary to the statement that surface ships are vulnerable and can't take damage, I would suggest that the lesson from the Stark is the opposite. Our ship is there. It's floating. The fire was right next to the ammunition magazines. Did they blow up? No, because we have developed insensitive munitions, that resist an explosion. They are pretty damn tough ships. This, a smaller ship, a ship which was designed not to go in heavy stress areas, survived.

**Q.** It's been said that there are two kinds of ships: submarines and targets.

**A.** Submariners say that.

**Q.** The main threat to surface ships is the enemy's underwater fleet? Is the Navy ready for them?

**A.** Clearly, if we go up against Soviet submarines we will have casualties. So will the Soviet submarines. It will be a real shoot-out. Are we doing enough to take care of it? Well, how much is enough? I'd like to have a great deal more resources to take on the challenge of the Soviet submarines. But where do you take that money from? At this point we are allocating the right amount to antisubmarine warfare.

I can make the case that the biggest shortfall we have in the Navy may be antiaircraft warfare, not antisubmarine warfare. We have the means, in the Aegis cruiser, for defeating any Soviet air attack, but we do not have enough Aegis cruisers. We are building them as fast as we can, but if I had my druthers I would build 15 or 20 Aegis cruisers a year.



**Kaufmann**  
**600 Ships 'Excessive'**

**Question.** You have urged the Navy to revise its strategy, to add fewer ships at an estimated saving of \$120 billion over 10 years. How?

**Answer.** The Navy has not been able to justify in any systematic way its need for any more than 12 deployable carriers. There is a big saving in not trying to maintain 15 deployable carrier battle groups.

**Q.** Wouldn't we be better off if we could park one additional carrier outside the Strait of Hormuz to increase protection to ships inside the Persian Gulf?

**A.** With 12 deployable carriers, there is no reason in the world that if the President wants, you cannot put one or more carriers in the Arabian Sea, or even if you take additional risk, in the Gulf itself. The only reason one might argue that they can't do that is because of the alleged commitments to keep the carriers on permanent station in the Sixth Fleet in the Mediterranean or Seventh Fleet in the Far East. We would be far better off not trying to maintain these permanent stations, and making periodic appearances, which would have a more striking impact than having the carriers there at all times.

**Q.** What is the essential difference between the Administration's maritime strategy and your proposals?

**A.** John Lehman and other officials argue that their maritime strategy not only is what they want to do in wartime, but that it is also the basis and justification for the 600-ship fleet. I think it is not an adequate justification. I would argue that given the main mission, 600 ships is excessive.

In my view, the Navy's principal mission, like it or not, is insuring that we are able to support, sustain and resupply overseas forces in wartime. That means keeping the sea lanes open. I don't think the maritime strategy basically disagrees with that, although there is a lot of idle talk about carrying the war to Siberia. But there are obviously different ways you can try to maintain access to sea lanes in wartime.

The better approach requires the more traditional command of the sea, instead of attacking the enemy fleet in well-defended areas like Murmansk, a main Soviet basing area. That is much less efficient than establishing the so-called barrier strategy at points such as the main entrance to the Atlantic in the Greenland-Iceland-United Kingdom triangle. Both surface combatants and submarines could come into use.

**Q.** What kinds of ships should be emphasized?

**A.** I don't mean to preclude the power projection role, which calls for aircraft carriers. Primarily for the sea lanes, the Navy has quite properly been buying attack submarines. I think they need mines, surveillance aircraft, and convoy escorts, frigates and destroyers, which is where we have our most serious deficiencies.

**Q.** Aren't those ships proving vulnerable in the Gulf?

**A.** In isolation, a single ship, especially if it doesn't have guns free under the rules of engagement, is terribly vulnerable. Given the very short time you have to intercept a missile if you can't shoot at the plane, and the difficulty of detecting and tracking the missiles under those conditions, yes, I think they are individually vulnerable.

I find it very difficult, owing to the characteristics of modern cruise missiles, to see how you can get a very good defense against them. They fly low and get lost in the noise of the waves. We do have to face up to the need to go after the launch platform — the aircraft, the boat or the land-based installation.

## A Voice From Amman

### 'Our Occupiers Have Been Many, But They All Left'

By RAMI G. KHOURI

**O**NE day last month, a petrol bomb was thrown through the window of a car carrying Jewish settlers near Qalqilya village on the Israeli-occupied West Bank, killing a woman and injuring her husband and four young children. After the attack, there was a chorus of indignation from within Israeli society that produced two demands: that more Jewish settlers be moved into the West Bank, and that the orange trees that line some of the roads be cut down, to make the roads more secure for Jewish settlers. How intriguing, I thought to myself, and how simple: Just cut down all the trees, and there won't be any place for a Palestinian to hide, and to use as a shelter from which to hurl petrol bombs at Israelis who have taken his land.

But then I thought: hasn't this been tried before around here? Our land is very old, and our people's attachment to it is ancient. How many others have come to Palestine or Jordan in the past several thousand years, implanted themselves as rulers by the force of arms, and tried to protect themselves from the native population by actions that were the functional equivalent of cutting down all the trees along the sides of the roads?

Our occupiers have been numerous, but all finally left the area. The Persians and Babylonians were our rulers once, as were the Egyptians, Greeks and Romans. The Byzantine empire and the Ottomans also controlled our lands in centuries past, as did the Crusaders for about 200 years, but they left also. They may not have cut down all the roadside trees, as the Israelis wish to do today, but they also had to pay attention to securing their safety along the main communication routes. It is no surprise that the Israelis should have the same concerns in Palestine today.

But will they succeed any more than did their predecessors in the region, who also sought to stamp their control on the indigenous populations, by the age-old combination of the strength of force and the appeal of material gain if one remains quiet and docile? Whatever the Persians, Babylonians, Egyptians, Greeks, Romans, Byzantines, Crusaders and Ottomans did to handle the people of Qalqilya, it did not work.

#### Where Violence Grows

The people of Qalqilya, and all of Palestine, are still making trouble for those who would occupy them, and deny them a political identity. So what's so surprising? What should the people of Qalqilya do about Jewish settlers? Send them flowers for Passover? Throw them a good neighbor party?

Violent resistance erupted anew last month as the Palestinians' parliament-in-exile, the Palestine National Council, met in Algiers, and the juxtaposition of the two events is worth assessing. The acts of the Palestinians on the land are ancient, universal acts of political self-expression, national self-defense and reflexive resistance. Like the orange trees, they spring forth from the land naturally, organically, when the ingredients are all in place.

But the Council meeting in Algiers is not such an ancient tradition. Independent, genuine Palestinian political leadership is not very evident in the history of the area. This is probably why the Palestine Liberation Organization, which has pursued a dual political-military strategy, has had its ups and downs during the past two decades, sometimes taking center stage in the Arab world, sometimes quietly licking its wounds on the sidelines, usually under the

protection of some willing Arab state.

It is because the P.L.O. represents the Palestinian will to be free, sovereign, self-determinant and secure within one's own country that it has often placed a higher imperative on its political status as an organization than it has on achieving tangible diplomatic progress through a process of compromise. And at Algiers, there had to be another reconciliation of P.L.O. factions.

The P.L.O. elicits great pride among Palestinians and other Arabs precisely because it is seen to be committed to the principle of national rights for the Palestinian people. The P.L.O. will not liberate Palestine by force of arms. But then, the Israelis will not pacify the Palestinians by cutting down their trees, either.

#### Nightmare in Beirut

So we have something of a draw in the ancient land of Palestine, land of many conquerors and perpetual Palestinian/Arab resistance. But the draw is considerably more comfortable for the Israelis — who have a state — than it is for the Palestinians, who just finished watching another national nightmare in their people being starved in refugee camps in Beirut, and their women being shot to death one by one as they tried to leave the camps to buy food for their families.

And more recently, the Lebanese Parliament abrogated the 18-year-old agreement under which the P.L.O. armed presence in Lebanon was accepted by the Government.

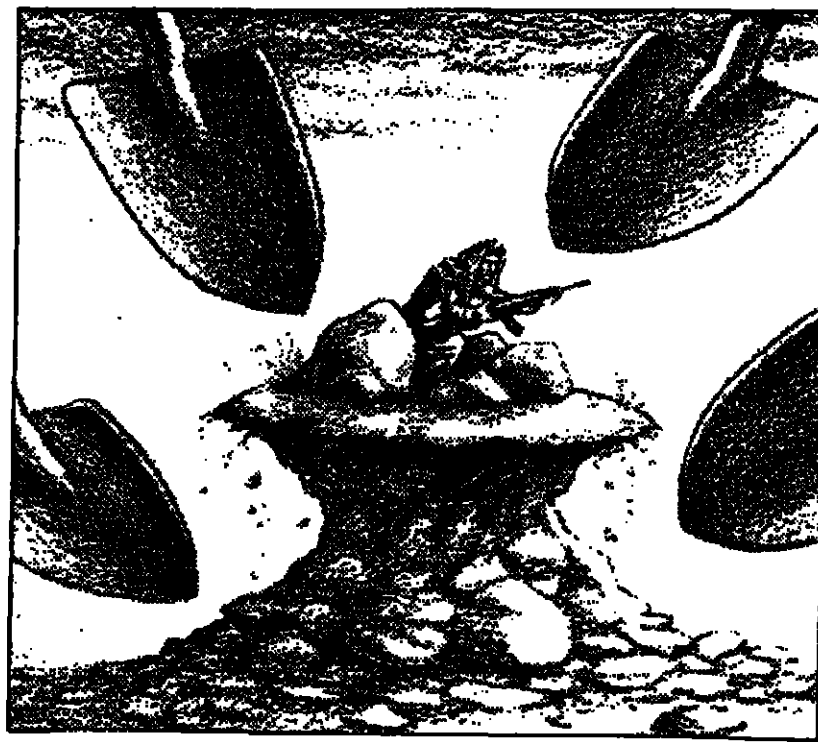
Given this reality, what is the full meaning of Palestinian factions who refuse to meet one another unless certain "political" conditions are met beforehand, or agreements abrogated, or contacts with Arab states terminated? Is this a graduate seminar in political theory, or is this the destiny of a people that is closer to seeing its national rights recognized globally than ever before in its history, and that is also being killed in ever greater numbers by both Israeli and Arab parties because of the lack of a political settlement?

Will we — Palestinians and other Arabs — look to history as a source of strength that sustains us, that reminds us that we have been occupied many times before by much stronger foes, but have always achieved freedom in the end? Or will we use history as moral camouflage, to hide our weaknesses and sanctify our failures?

There is an urgent need for the Palestine National Council and Qalqilya to meet, for history and politics to wed, and to produce an offspring named diplomacy, who in turn could achieve freedom and sovereignty. A spirit of enduring popular resistance and a commitment to a national political leadership are both vital elements in the Palestinian struggle. They both exist today, and both attest to the reality and durability of the Palestinian identity. But that's what we were saying in the early 1970's, a decade and a half ago, and we seem to be waving the same flags again today. And the thousands who have died in the meantime — do we attribute them to the fact that ours is a historical struggle of greater dimensions than a single generation, a single person or a single political faction?

I am continuously proud of the P.L.O., and its resilience and its durability. I am proud of the people of Qalqilya, who honor freedom and fight to achieve it. But I am not proud to be stuck in a draw with the Israelis, at a time when virtually the entire world accepts my right to self-determination, sovereignty and security. For the Palestine National Council, in such circumstances, to effect a national reconciliation is admirable, but insufficient. Political unity among the P.L.O. factions is impressive. But P.L.O. diplomatic breakthroughs would be more impressive. Let us hope the Council meeting builds on unity, instead of only achieving it.

Rami G. Khouri is a Jordanian Palestinian writer and former editor of the Jordan Times, where a version of this article first appeared.



David Gohard

# The Nation

## Canada Protests Prosecution Move In Deaver Trial

A special prosecutor's attempt to serve subpoenas in the perjury trial of Michael K. Deaver, the former Reagan aide who left the White House to start a multimillion dollar lobbying business, stirred up a diplomatic tempest last week.

The trouble began Tuesday when the prosecutor, Whitney North Seymour Jr., sought to force the Canadian Ambassador to the United States, Allan E. Gottlieb, and his wife, Sondra, to appear in court to testify on Mr. Deaver's involvement in Canadian-American issues when he was still working for the President.

Canada said the Gottliebs would refuse and filed a protest with the State Department, arguing that the action violated the Ambassador's diplomatic immunity. The State Department agreed. But Mr. Seymour, a court-appointed prosecutor, accused Canada of trying to hamper the prosecution of Mr. Deaver, who is charged with lying to Congress and to a Federal jury.

The former deputy White House chief of staff, who left the White House in May 1985, was reportedly paid \$105,000 by the Canadian Government for his lobbying help. One of the five counts against him charges that he lied about his participation in White House meetings on acid rain and in the selection of a special envoy on the issue. It also accuses him of lying when he testified that he did not recall a lunch with Mr. Gottlieb in January 1985.

The special prosecutor asked a Federal District judge to enforce the subpoenas on the ground that Mr. Gottlieb was an "essential" witness. The State Department sided with Canada, telling the judge that the incident "calls into question the ability of the United States to carry out its international obligations." The court delayed a decision on the subpoenas. The trial was to have begun June 8.

## The Wedtech Case Widens

The name of Attorney General Edwin Meese 3d emerged again last week in the widening investigation of the Wedtech Corporation.

According to recent accounts from officials familiar with the investigation, Wedtech, a South Bronx military contractor, paid E. Robert Wallach, a lawyer, \$100,000 after he said he was representing Mr. Meese without pay and needed money.

It was the first time that investigators mentioned Mr. Meese's name in connection with the payments, although they previously reported that Mr. Wallach was paid more than \$1 million by Wedtech over three years for consulting work. Former executives of the company have said that they sought out Mr. Wallach because of his close ties to Mr. Meese.

Mr. Wallach has said he began advising Wedtech, formerly known as

nections between Mr. Meese, who invested \$60,000 with a financial consultant working for Wedtech, and Government efforts on the corporation's behalf. Also under scrutiny is Lyn Nofziger, the former White House aide who investigators say used his influence to obtain Federal contracts for Wedtech.

## A Vote to Delay Alien Sanctions

Beginning tomorrow, employers who hire illegal aliens are subject to fines and possibly even imprisonment. That's what it says on paper anyway.

Last week, Federal officials announced a one-month grace period during which only the most "blatant violators" of the new Immigration Reform and Control Act will be penalized. Alan C. Nelson, the Commissioner of Immigration and Naturalization, said the delay was needed because his agency had not yet distributed the proper paperwork. Meanwhile, the Senate decided to

give employers even more slack, voting 47 to 43 to postpone enforcement for four months.

Businesses that oppose the act are expected to lobby hard for the moratorium in the House. But immigration officials and supporters of the law disagreed with contentions that employers need until October to learn how to comply.

Senator Alan K. Simpson, Republican of Wyoming, said such a delay would "send the wrong signal" to employers and to foreigners to "keep coming illegally, because we're not serious about controls." And Representative Charles E. Schumer, Democrat of Brooklyn, worried that the "delicately balanced" compromise that "looked like years to work out" would unravel.

A provision offering legal status, or amnesty, to illegal aliens who can prove that they have lived in the country continuously since Jan. 1, 1982, would not be affected by the delay.

Katherine Roberts,  
Caroline Rand Herron  
and Martha A. Miles

## Will Looser Rules Help?

### 'People Don't See a Need to Vote'

IN 1983, a Presidential panel charged with devising ways to encourage Americans to vote recommended abolishing poll taxes and literacy tests and lowering the voting age to 18.

But lifting barriers to participation has not halted the free fall in turnout. In 1986 — a year with highly competitive races — little more than a third of people eligible to vote did so, the lowest percentage since the war year of 1942. Curtis B. Gans, director of the Committee for the Study of the American Electorate, is among those who contend that responsibility lies with disillusionment with government, not cumbersome voting requirements.

Indeed, the latest New York Times/CBS News Poll shows that while Americans favor national standards for registration and voting — the United States is the only Western democracy without a universal system of voter registration — they oppose a more open process. For example, 62 percent of the public believes that even people new to a community should not be allowed to register on Election Day to vote.

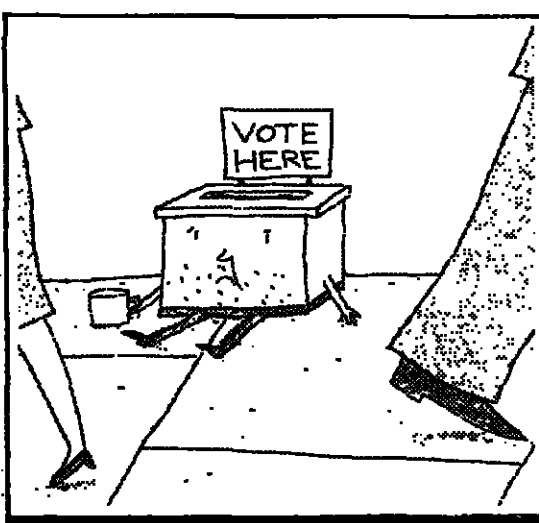
Several specialists suggest that the apparent resistance to loosening the system is rooted in lingering suspicion about voter fraud. Herbert E. Alexander of the Citizens' Research Foundation at the University of Southern California also points to worry about "preserving the sanctity of the vote." Linda Davidoff, executive director of Human Serve, a New York-based voter registration advocacy group, adds that "there is a school of thought in this country, maybe a dominant school of thought, that it is a good thing if voting is rather difficult because you get a highly motivated electorate."

Only one state, North Dakota, does not require registration, and only three — Minnesota, Wisconsin and Maine — have Election Day registration. But 22 states now permit people to register by mail, and the "motor voter" concept, in which people can sign up to vote when they register their cars, is becoming more popular. In 14 states, voters can register at welfare and other government agencies instead of just at election offices. Measures that would establish more registration locations are under consideration in seven states, including New York, and in some cities.

On the Federal level, Senator Alan Cranston and Representative John Conyers Jr., Democrats of California and Michigan respectively, are drafting bills that would permit postcard and same-day registration. "The overwhelming effect of the present patchwork of registration laws is to help deny the vote to at least 60 million Americans who have the right to vote," Mr. Cranston said recently.

But Mr. Gans counters with studies suggesting that simpler registration would boost turnout by no more than 9 percent. Kevin Phillips, a conservative political analyst, puts it this way: "If people don't care, the ease of registration isn't going to get them to the polls on Election Day. People don't see a need to vote."

RICHARD L. BERKE



## The New York Times/CBS NEWS POLL

### Thoughts on the franchise

How old should people have to be to vote for President and Congress?

|               |    |
|---------------|----|
| Under 18      | 3% |
| 18            | 53 |
| 19 or 20      | 4  |
| 21            | 35 |
| Older than 21 | 3  |

How long should people have to live in a place before they can vote there for President and Congress?

|                    |     |
|--------------------|-----|
| No limit           | 14% |
| 180 days or less   | 22  |
| 181 days to a year | 31  |
| 1 year             | 30  |
| More than 1 year   | 24  |

If all voters had to be able to read and write, would they elect better officials?

|                               |     |
|-------------------------------|-----|
| Yes                           | 59% |
| It wouldn't make a difference | 37  |

Poll conducted by telephone May 11-14, with 1,254 respondents. The poll has a margin of sampling error of plus or minus 3 percentage points. Those with no opinion are not shown.

## Between Boom and Bust

# How the Economy Sustains Its Long, Lackluster Climb

By ROBERT D. HERSHEY JR.

WASHINGTON  
THE American economy has now been expanding without interruption for four and one-half years, and is rapidly closing in, the President's chief economic adviser boasted last week, on a significant longevity record.

"In October of this year, the current expansion will become the longest peacetime expansion in the postwar period," Beryl W. Sprinkel said at a White House briefing, and "we found out by checking the data, the longest in the 130 years for which data are available."

What Mr. Sprinkel was not celebrating was the economy's recent level of performance. Increases in gross national product of 2.7 percent in 1985 and 2.5 percent in 1986 compare poorly with the best periods since the war in Vietnam, much less since the Civil War.

The United States, in short, is experiencing growth of extraordinary duration but lackluster pace. Whatever happened to the rotation of expansions and contractions that marked the economy since the end of World War II?

The questions and answers that follow explore the situation.

Question. Is the traditional business cycle — boom followed by recession — a thing of the past?

Answer. Almost certainly not. Despite the best efforts of the Federal Reserve and other policy makers to keep growth at a healthy clip without raising inflation, no authority is wise enough — even if there is the political will — to control a modern industrial economy.

More likely, the current extended period of slow growth is largely the result of chance, involving countervailing fiscal and monetary forces, and trends in particular sections of the economy. Inevitably, the economy will either speed up or slip into recession.

Q. Still, something seems to have changed. The economy has shrugged off such important developments as a rapid expansion of the money supply, an oil-price roller-coaster and the biggest overhaul of the tax code in history.

A. Actually, many economists think that the business cycle, though still alive, may have lost some of its punch. The "amplitudes" of the ups and downs, according to Norman Robertson of Mellon Bank, may be milder because of the rise of the service sector, which is fairly stable compared to manufacturing.

Such analysts also point to a widespread effort by companies to hold down inventories by moving more quickly to slow production or cut prices if stocks begin to pile up.

Q. Nearly five years is a long time without a recession. Are we due for one?

A. Economists are fond of saying that business expansions can die of several causes, such as overheating that causes inflation and higher interest rates, but that they never die of simple old age.

It could be several years before the next recession or it could arrive in 1987. The Government index designed to predict economic turns fell six-tenths of 1 percent in April — the biggest decline in two years — the Commerce Department reported Friday. But, then, specialists point out that the index of leading indicators does not adequately reflect the new service economy.

## Changing Terms

Q. Wouldn't today's situation have been called a growth recession only a few years ago?

A. Our standards have changed. Anything less than 3 to 4 percent a-year growth used to be unacceptable, because growth slower than that would reduce unemployment. Now more economists and politicians, seeing unemployment scarcely above 6 percent, a seven-year low, and glad not to worry about inflation, think 2 to 3 percent growth is not a bad prospect.

Q. Consumer prices rose only 1.1 percent in 1986. Isn't such low inflation unusual in the fifth year of expansion?

A. Indeed. But remember that last year's figure was mainly the result of a collapse in oil prices. With prices rebounding, consumer prices are climbing faster. In fact, they are expected to rise by up to 5 percent this year after having held in a steady 3.8 to 4 percent range between 1982 and 1985.

That's not considered an alarming rate. But Federal Reserve chairman Paul A. Volcker has said that one of the main lessons he has learned is that it is harder to curb entrenched inflation than you think.

Q. Why is inflation moving above the level that prevailed before the big swing in oil prices?

A. Mainly, it is thought, because of the decline of the dollar against many key world currencies. This has made American goods more competitive abroad, but it also tends to raise the cost of imported goods and the domestic goods that compete with them.

Q. What's likely to happen now?

A. Without some unexpected breakthrough at the Venice economic summit next week, the best guess is that we'll get more of the same — modest growth, a continued modest pickup in inflation and a steady unemployment rate. The United States trade deficit is now headed down from record levels, helping manufacturing. But consumer spending may rise only half as much this year as last.

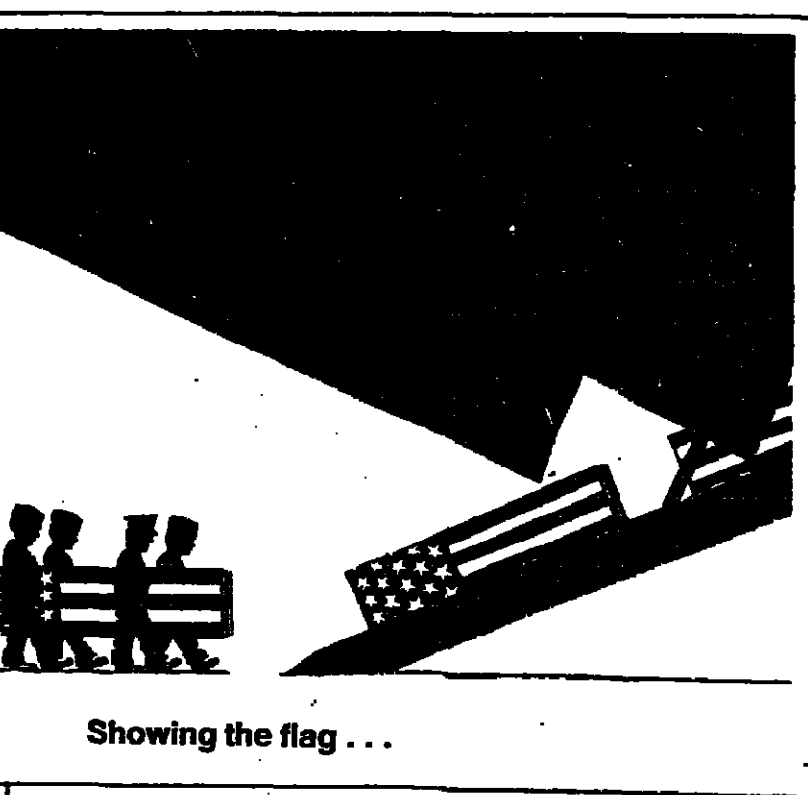
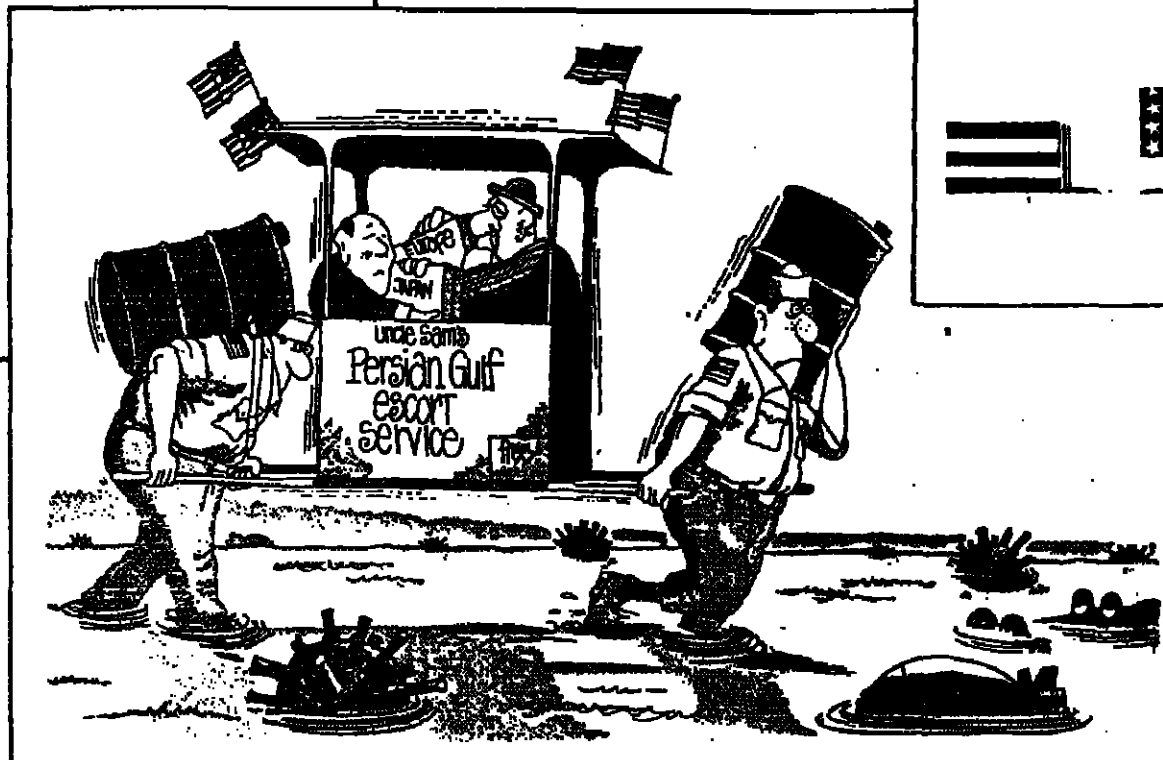
"We see little evidence that the economy is booming and plenty of evidence that it is still muddling," said Edward Yardeni, an economist at Prudential-Bache Securities. In fact, he added, there's "some evidence that it is sinking."

# Views

A portfolio from around the nation



Tom Meyer  
San Francisco Chronicle  
Special Features



Jim Morin  
The Miami Herald  
King Features Syndicate

Ed Gamble  
The Florida Times-Union  
King Features Syndicate



# Arts & Leisure

## At Age 20, Sgt. Pepper Marches On

By JON PARELES

ON JUNE 1, IT BEGINS, the release of the Beatles' "Sgt. Pepper's Lonely Hearts Club Band" as a compact disk (Capitol CDP 7 46442 2), exactly 20 years after the album appeared, will usher in the anniversary of the "Summer of Love," when the hippie spirit seized Western culture. There'll be reminiscences, chin-pulling and milestone-mongering as the calendar turns for such 1967 events as the Monterey Pop Festival and the founding of Rolling Stone magazine. The thunder of pronouncements—"Sgt. Pepper's" new liner notes call it "nothing less than the most important and revealing compact disk release there can ever be"—threatens to drown out the winsome pleasures of "Sgt. Pepper's" itself.

It was, and is, an important album: for better and for worse, the album that made rock respectable. With "Sgt. Pepper" the Beatles decreed that an LP, not just a song, could be a unified work. Enter the concept album. They consolidated what had been demonstrated by Jerry Leiber and Mike Stoller in the 1950's, and Phil Spector, Motown, Frank Zappa and the Beach Boys' Brian Wilson in the 1960's, that rock could be a studio producer's medium as well as a performing art. And by example, they declared that all music—Indian ragas in George Harrison's "Within You Without You," pre-rock pop in "When I'm 64" (and the album's first words: "It was 20 years ago today/Sgt. Pepper taught the band to play") contemporary classical music in "A

Day in the Life"—was part of rock's domain. Not bad for 39 minutes of pop songs.

The Beatles weren't alone. The Who had already expanded the rock song with their suite-like "A Quick One," and Bob Dylan (if not Chuck Berry) had long since made rock lyrics worth scrutinizing. Omnivorousness and category-busting were hallmarks of 1960's movies and visual art, too; "expanded consciousness" wasn't only a euphemism for drug use, but a shared ideal—to just say yes. "Sgt. Pepper" proved that such ambitions could be commercial.

Although it was intended as a landmark, "Sgt. Pepper" is also fairly modest. Its concept is loose and open-ended; it's simply a collection of 12 songs and a reprise—a revue, not a narrative or operatic or symphonic-scale work. As tunesmiths, John Lennon and Paul McCartney stuck to pop's standard verse-chorus-bridge structures, except for an occasional odd coda (as in "Lovely Rita") and turning two songs into one for "A Day in the Life." Yet at the same time, they insisted that rock songs weren't trivial.

On "Sgt. Pepper," they sang about growing up ("Getting Better," "She's Leaving Home") and growing old ("When I'm 64"), about community ("With a Little Help From My Friends") and solitude ("Fixing a Hole"), about show business ("Being for the Benefit of Mr. Kite!") and the workaday world ("Lovely Rita"), using slice-of-life realism ("Good Morning, Good Morning") and prismatic fantasies ("Lucy in the Sky With Diamonds"). "Sgt. Pepper" addresses all sorts of situations while avoiding ordinary rock postures or

the Beatles' previous specialty, love songs. And with the producer George Martin aiding and abetting them, the Beatles insisted on sonic abstractions, dropping the realistic illusions of most studio recording and distorting and manipulating sounds in ways that would be all but impossible to reproduce on stage.

"Sgt. Pepper," and earlier Beatles songs including "Tomorrow Never Knows" and "Strawberry Fields Forever," insist that rock is electronic music, created with and shaped by the tape recorder—a radical idea that hasn't always paid off. In the immediate wake of "Sgt. Pepper," bands closeted themselves in studios and spent months making some pretty wacky albums: "After Bathing at Baxter's" by the Jefferson Airplane, "Their Satanic Majesties Request" by the Rolling Stones, "The Who Sell Out," and others less fondly remembered.

By the time the need to answer "Sgt. Pepper" receded, studio craft had mutated into a virtue rather than a technique, and albums had become self-conscious statements to be labored over, layering instruments track by track and agonizing over the final mix. Improvements in recording technology since 1967 haven't sped things up; from a 1980's perspective, the four months the Beatles spent making "Sgt. Pepper" are a comparatively short stint for a band at work.

Unlike the bands who answered them, the Beatles stayed in the studio after "Sgt. Pepper," to perform again only once more in public (on the roof of Apple Records in 1969, for the movie "Let It Be"). Every decade, a few more musicians abandon the



The Beatles in 1967—With "Sgt. Pepper," they made rock respectable.

stage, from Steely Dan and Brian Eno in the 1970's to XTC in the 1980's, preferring to create music in leisure and privacy (or solipsism), where nothing can interfere. Many critics vilify "Sgt. Pepper" as the album that brought lonely perfectionism to rock recording.

That charge might stick. There's something hermetic about "Sgt. Pepper," as if all its sounds and borrowings and experiments had to show identification at the studio door. The polish, that selection and taming of each instant of sound, keeps "Sgt. Pepper" from being the definitive late-1960's album; the times were wilder than that, and the Beatles didn't love turmoil.

But "Sgt. Pepper" has another, greater burden: It was the album that made rock respectable. From their first hits, the Beatles had been the good-guys rock band, lovable mop-tops in matching suits. While the lyrics could get angry (as in "Run for Your Life"), the Beatles' smiling tunefulness defused them, and until 1967 adults could amiably dismiss the Beatles as above-average pop for teenagers, catchy despite those electric guitars. "Sgt. Pepper," released as a landmark, demanded more attention, and rewarded it with parent-friendly tunes and arrangements (the old-fashioned strings of "She's Leaving Home" and the foxtrot of "When I'm 64").

Pundits hailed the Beatles' maturity and eclecticism; I suspect

record-company executives were excited about the possibility of appealing to two or three generations.

Respectable rock, soon to be known as progressive rock and, in 1968, burgeoning. There were no more albums: classical melodies with a beat, rock song cycles, rock operas, album length suites, songs based on books or legends, rock that paid off self on odd time signatures and formal intricacies, or on the poetry of lyrics. And for every genre there were a dozen subgenres. Such efforts by trying to do it all, with highbrow ingredients, sacrificed rock's built-in esthetic strengths: rhythmic punch, strategically abusive timbres, structural cohesion, catchiness. Progress was difficult.

In its bid for respectability, "Sgt. Pepper" softened the Beatles' natural watchdogs expected subversion from the Beatles; the songs on "Sgt. Pepper" were probed for hidden meanings, which weren't hard to infer. "Lucy in the Sky With Diamonds" was denounced as a satirical for L.S.D., while the British Broadcasting Corp. banned "A Day in the Life," which concludes "I'd love to turn you on," stating that it could encourage a permissive attitude toward drug taking.

But even if the Beatles' attitude was openly hedonistic, the album's songs are freshly scrubbed, neatly turned out, smoothly delivered, and for an album that was hailed as the shape of rock to come, "Sgt. Pepper"

stands out as time reclaiming the Beatles' original lyrics to the gentle beauty of its arrangements. The old-fashioned but psychedelically modern Beatles wear on the album "Sgt. Pepper" looks like a more fitting reflection, summoning the avant-garde era that contemporary rockers love.

When "Sgt. Pepper's" figures were released, the music's aesthetic appeal, by being so carefully considered, was being destroyed. "Sgt. Pepper" was the Beatles' openness of mind, and the Beatles' openness of mind would soon rock the establishment.

Even if "Sgt. Pepper" opened the door to perfectionism and pretension, it was not a bad thing. It never quite killed rock. Because in the end it was a technical innovation, and a technical innovation made the album so memorable, but the songs themselves—heartfelt and easily worked on, and enigmatic—were the Beatles' universe.

When the rock market was expanding, technology was advancing, and the baby-boom generation was starting to flex its demographic muscle, the Beatles and "Sgt. Pepper" helped to professionalize rock, and in the process, they helped to professionalize themselves. But as "Sgt. Pepper" marked the Beatles' personal withdrawal, it marked the Beatles' public opening, to character and to sound. More than anything else, it's about possibilities.

## Rosa Luxemburg: More Than a Revolutionary

**A woman who became a director's obsession is realized on screen in a prize-winning performance.**

By ANNETTE INSDORF

ALMOST 70 YEARS AFTER the death of Rosa Luxemburg, her name still conjures up images of revolution—and a good deal of controversy. She was, after all, a major political figure and one of the founders of the German Communist Party. What many people don't know is that she was also an ardent pacifist who spent most of World War I in prison. It was partly to "rehabilitate" Rosa Luxemburg," according to the actress Barbara Sukowa, that she and the director Margarethe von Trotta embarked on a film of her life.

"Rosa Luxemburg" is the result of their efforts—which won for Ms. Sukowa the best actress prize at last year's Cannes Film Festival. "The role meant a lot to me," Ms. Sukowa said, "and I was happy to get the award for this part. You can't make a distinction between the movie and the acting."

"Receiving the prize meant that you can tell stories that have nothing to do with sex and crime, and people will still like it," she continued. "I put a lot into the film. Or no, maybe I took more out of it than I put in. Rosa was different from the characters I usually play—probably the only woman I've played who is not neurotic."

The film traces Luxemburg's political and moral development from journalist and author of theoretical writings that propagated a democratic socialism, to dissenter from the party line and imprisoned pacifist (nine times).

The 36-year-old West German Miss Sukowa has starred in such films of the early 1960's as Rainer Werner

Fassbinder's "Lola" and "Berlin Alexanderplatz," and Ms. von Trotta's "Marlene" and "Juliane."

It is difficult to imagine anyone else in the part of Rosa Luxemburg, for Ms. Sukowa incarnates the political rebel from her beginnings as a young idealist to her ending as a 48-year-old victim of rightist murderers. "Even if I had found someone who looked like Rosa," said Ms. von Trotta, "Barbara's inner energy and brilliant intelligence wouldn't have been there."

Although Luxemburg was of Polish-Jewish origin, she acquired German nationality through a marriage of convenience. The film also includes her long-term love affair with Leo Jogiches (played by the Polish actor Daniel Olbrychski), whom she ultimately abandoned when confronted with his infidelity. Mr. Olbrychski is best known for his work with the director Andrzej Wajda and his role as Jan in the 1979 film "The Tin Drum," directed by Ms. von Trotta's husband, Volker Schlöndorff.

"One of the reasons we made the movie was because there's a lot of prejudice against Rosa in Germany," explained Ms. Sukowa. "People think she was a militant for hysterical materialism—as opposed to Marx's historical materialism—a suffragette, a steady revolutionary. But when I got to know her via her writings, I was surprised: she was completely different from what I imagined, and it nourished me."

"Rosa wanted to be a complete person—an ardent lover, a mother, an intellectual, a political leader, and someone with a relationship to the natural world of animals and plants," she continued.

"Normally, if you play a part, you have the words and you invent the personality out of your experience, your knowledge—your life, in a way. Here, I had so much material that I absorbed it. I read all 2,500 of her letters: I hardly slept and was never tired. It was fun!"

"I'd love to have the letters of Lady Macbeth," she added with a smile.

Ms. Sukowa, who uses Polish in the film, learned the language from cassettes and had some sessions in Los Angeles with the actress Joanna Pacula, who is of Polish origin.

"Rosa Luxemburg" was originally a project of Fassbinder's. When he died in 1982, Ms. von Trotta became obsessed with the character. "It's

hard to know what he would have done with the material," the director acknowledged. "I didn't use his first version because, for me, making a film is writing, and directing means finding your own vision."

"Rosa's portrait was already on the desk of one of the characters in my film 'Sisters.' I thought more and more about Rosa until I couldn't get her out of my mind. Her murder remains unacknowledged, unpunished and unexplained."

"Rosa was the first victim of National Socialism: her murderers later rallied around Hitler."

Ms. Sukowa feels that the film would have been quite different in the hands of Fassbinder: "I've been told that he wanted to put more emphasis on the love story between Leo and Rosa," she said. "With Margarethe, I had intense discussions: it's not just a political film but a story about a woman—her problems trying to have a career, marriage, child... This hasn't changed. Margarethe and I have the same problems as Rosa."

The actress credits this film with changing aspects of herself: "What I liked and found inspirational was how Rosa became more patient and tolerant but kept her moral standards," said Ms. Sukowa.

"This reinforced something I'd always thought but had forgotten. I think it's important for politicians to have moral qualities. I think most politicians today are criminals. If you put in jail people who kill their wives, I don't see why you don't lock up politicians who allow the world to be like this."

The actress laments that she sees people getting "disillusioned and paralyzed; they remind me of what I feel it was like before the war—the retreat behind personal possessions, the assumption that an individual can't change anything."

Ms. Sukowa considers "Rosa Luxemburg" a stimulus to courage, despite its depressing ending: "I would like people to get a differentiated historical view of Germany. There were other groups of people, other parties than the ones who finally had things explode," she insisted.

"The film should give you the courage to demand a lot from life. It should stimulate people to demand the right to be whole, instead of living the limited role we think life has determined for us."

### Hidden Individuals

BY WARREN W. REICH/Puzzles Edited by Eugene T. Maleska

| ACROSS |                           |    |                     |    |                |    |                         |    |                        |    |           |    |                       |    |                           |    |                       |    |                                |    |                  |    |        |    |               |    |                            |
|--------|---------------------------|----|---------------------|----|----------------|----|-------------------------|----|------------------------|----|-----------|----|-----------------------|----|---------------------------|----|-----------------------|----|--------------------------------|----|------------------|----|--------|----|---------------|----|----------------------------|
| 1      | Former TV late-show host  | 6  | Nautical command    | 11 | Black to Blake | 16 | Fourth anniversary gift | 21 | Colorful aquarium fish | 26 | Physicist | 31 | Ponderologists topics | 36 | Of a certain cereal grass | 41 | Father-in-law of Esau | 46 | Place for a British horse race | 51 | Exchange premium | 56 | Quahog | 61 | Ankara dollar | 66 | One starts with difficulty |
| 2      | 19th Vice President       | 7  | Pilgrims material   | 12 | Mark to Blake  | 17 | Aspect                  | 22 | Black to Blake         | 27 | Physicist | 32 | Ponderologists topics | 37 | Of a certain cereal grass | 42 | Father-in-law of Esau | 47 | Place for a British horse race | 52 | Exchange premium | 57 | Quahog | 62 | Ankara dollar | 67 | One starts with difficulty |
| 3      | "Yet do I—thy nature"     | 8  | Tolkien creature    | 13 | Mark to Blake  | 18 | Aspect                  | 23 | Black to Blake         | 28 | Physicist | 33 | Ponderologists topics | 38 | Of a certain cereal grass | 43 | Father-in-law of Esau | 48 | Place for a British horse race | 53 | Exchange premium | 58 | Quahog | 63 | Ankara dollar | 68 | One starts with difficulty |
| 4      | Lady Macbeth              | 9  | Keel parts          | 14 | Mark to Blake  | 19 | Aspect                  | 24 | Black to Blake         | 29 | Physicist | 34 | Ponderologists topics | 39 | Of a certain cereal grass | 44 | Father-in-law of Esau | 49 | Place for a British horse race | 54 | Exchange premium | 59 | Quahog | 64 | Ankara dollar | 69 | One starts with difficulty |
| 5      | Brew ingredient           | 10 | Abominable          | 15 | Mark to Blake  | 20 | Aspect                  | 25 | Black to Blake         | 30 | Physicist | 35 | Ponderologists topics | 40 | Of a certain cereal grass | 45 | Father-in-law of Esau | 50 | Place for a British horse race | 55 | Exchange premium | 60 | Quahog | 65 | Ankara dollar | 70 | One starts with difficulty |
| 6      | Weapon for a polio        | 11 | Animal parasites    | 16 | Mark to Blake  | 21 | Aspect                  | 26 | Black to Blake         | 31 | Physicist | 36 | Ponderologists topics | 41 | Of a certain cereal grass | 46 | Father-in-law of Esau | 51 | Place for a British horse race | 56 | Exchange premium | 61 | Quahog | 66 | Ankara dollar | 71 | One starts with difficulty |
| 7      | Manifest                  | 12 | "America" composer  | 17 | Mark to Blake  | 22 | Aspect                  | 27 | Black to Blake         | 32 | Physicist | 37 | Ponderologists topics | 42 | Of a certain cereal grass | 47 | Father-in-law of Esau | 52 | Place for a British horse race | 57 | Exchange premium | 62 | Quahog | 67 | Ankara dollar | 72 | One starts with difficulty |
| 8      | Hershey hero              | 13 | Seascape            | 18 | Mark to Blake  | 23 | Aspect                  | 28 | Black to Blake         | 33 | Physicist | 38 | Ponderologists topics | 43 | Of a certain cereal grass | 48 | Father-in-law of Esau | 53 | Place for a British horse race | 58 | Exchange premium | 63 | Quahog | 68 | Ankara dollar | 73 | One starts with difficulty |
| 9      | Unicorn fish              | 14 | Emulated Phil Mahre | 19 | Mark to Blake  | 24 | Aspect                  | 29 | Black to Blake         | 34 | Physicist | 39 | Ponderologists topics | 44 | Of a certain cereal grass | 49 | Father-in-law of Esau | 54 | Place for a British horse race | 59 | Exchange premium | 64 | Quahog | 69 | Ankara dollar | 74 | One starts with difficulty |
| 10     | One wrapped in a fur      | 15 | Wuhan nanas         | 20 | Mark to Blake  | 25 | Aspect                  | 30 | Black to Blake         | 35 | Physicist | 40 | Ponderologists topics | 45 | Of a certain cereal grass | 50 | Father-in-law of Esau | 55 | Place for a British horse race | 60 | Exchange premium | 65 | Quahog | 70 | Ankara dollar | 75 | One starts with difficulty |
| 11     | One is part of a part     | 16 | Cabriolet's cousin  | 21 | Mark to Blake  | 26 | Aspect                  | 31 | Black to Blake         | 36 | Physicist | 41 | Ponderologists topics | 46 | Of a certain cereal grass | 51 | Father-in-law of Esau | 56 | Place for a British horse race | 61 | Exchange premium | 66 | Quahog | 71 | Ankara dollar | 76 | One starts with difficulty |
| 12     | Transient images          | 17 | Eye part            | 22 | Mark to Blake  | 27 | Aspect                  | 32 | Black to Blake         | 37 | Physicist | 42 | Ponderologists topics | 47 | Of a certain cereal grass | 52 | Father-in-law of Esau | 57 | Place for a British horse race | 62 | Exchange premium | 67 | Quahog | 72 | Ankara dollar | 77 | One starts with difficulty |
| 13     | Doll up                   | 18 | Unpublished         | 23 | Mark to Blake  | 28 | Aspect                  | 33 | Black to Blake         | 38 | Physicist | 43 | Ponderologists topics | 48 | Of a certain cereal grass | 53 | Father-in-law of Esau | 58 | Place for a British horse race | 63 | Exchange premium | 68 | Quahog | 73 | Ankara dollar | 78 | One starts with difficulty |
| 14     | Pasch                     | 19 | Stage platforms     | 24 | Mark to Blake  | 29 | Aspect                  | 34 | Black to Blake         | 39 | Physicist | 44 | Ponderologists topics | 49 | Of a certain cereal grass | 54 | Father-in-law of Esau | 59 | Place for a British horse race | 64 | Exchange premium | 69 | Quahog | 74 | Ankara dollar | 79 | One starts with difficulty |
| 15     | Thomas Gray, e.g.         | 20 | Smelter's stuff     | 25 | Mark to Blake  | 30 | Aspect                  | 35 | Black to Blake         | 40 | Physicist | 45 | Ponderologists topics | 50 | Of a certain cereal grass | 55 | Father-in-law of Esau | 60 | Place for a British horse race | 65 | Exchange premium | 70 | Quahog | 75 | Ankara dollar | 80 | One starts with difficulty |
| 16     | With lance in hand        | 21 | Guernsey or Jersey  | 26 | Mark to Blake  | 31 | Aspect                  | 36 | Black to Blake         | 41 | Physicist | 46 | Ponderologists topics | 51 | Of a certain cereal grass | 56 | Father-in-law of Esau | 61 | Place for a British horse race | 66 | Exchange premium | 71 | Quahog | 76 | Ankara dollar | 81 | One starts with difficulty |
| 17     | City in south central Pa. | 22 | Mine, in Metz       | 27 | Mark to Blake  | 32 | Aspect                  | 37 | Black to Blake         | 42 | Physicist | 47 | Ponderologists topics | 52 | Of a certain cereal grass | 57 | Father-in-law of Esau | 62 | Place for a British horse race | 67 | Exchange premium | 72 | Quahog | 77 | Ankara dollar | 82 | One starts with difficulty |
| 18     | "Cakes and Maugham        | 23 | Venetian bigwig     | 28 | Mark to Blake  | 33 | Aspect                  | 38 | Black to Blake         | 43 | Physicist | 48 | Ponderologists topics | 53 | Of a certain cereal grass | 58 | Father-in-law of Esau | 63 | Place for a British horse race | 68 | Exchange premium | 73 | Quahog | 78 | Ankara dollar | 83 | One starts with difficulty |
| 19     | Dry, in Quito             | 24 | Indigo plant        | 29 | Mark to Blake  | 34 | Aspect                  | 39 | Black to Blake         | 44 | Physicist | 49 | Ponderologists topics | 54 | Of a certain cereal grass | 59 | Father-in-law of Esau | 64 | Place for a British horse race | 69 | Exchange premium | 74 | Quahog | 79 | Ankara dollar | 84 | One starts with difficulty |
| 20     | "I am —"                  | 25 | Actor Turhan        | 30 | Mark to Blake  | 35 | Aspect                  | 40 | Black to Blake         | 45 | Physicist | 50 | Ponderologists topics | 55 | Of a certain cereal grass | 60 | Father-in-law of Esau | 65 | Place for a British horse race | 70 | Exchange premium | 75 | Quahog | 80 | Ankara dollar | 85 | One starts with difficulty |
| 21     | Burns song                | 26 | Actor Turhan        | 31 | Mark to Blake  | 36 | Aspect                  | 41 | Black to Blake         | 46 | Physicist | 51 | Ponderologists topics | 56 | Of a certain cereal grass | 61 | Father-in-law of Esau | 66 | Place for a British horse race | 71 | Exchange premium | 76 | Quahog | 81 | Ankara dollar | 86 | One starts with difficulty |
| 22     | Dullards                  | 27 | Actor Turhan        | 32 | Mark to Blake  | 37 | Aspect                  | 42 | Black to Blake         | 47 | Physicist | 52 | Ponderologists topics | 57 | Of a certain cereal grass | 62 | Father-in-law of Esau | 67 | Place for a British horse race | 72 | Exchange premium | 77 | Quahog | 82 | Ankara dollar | 87 | One starts with difficulty |
| 23     | A tropical island has one | 28 | Actor Turhan        | 33 | Mark to Blake  | 38 | Aspect                  | 43 | Black to Blake         | 48 | Physicist | 53 | Ponderologists topics | 58 | Of a certain cereal grass | 63 | Father-in-law of Esau | 68 | Place for a British horse race | 73 | Exchange premium | 78 | Quahog | 83 | Ankara dollar | 88 | One starts with difficulty |
| 24     | Playwright Stoppard       | 29 | Actor Turhan        | 34 | Mark to Blake  | 39 | Aspect                  | 44 | Black to Blake         | 49 | Physicist | 54 | Ponderologists topics | 59 | Of a certain cereal grass | 64 | Father-in-law of Esau | 69 | Place for a British horse race | 74 | Exchange premium | 79 | Quahog | 84 | Ankara dollar | 89 | One starts with difficulty |
| 25     | Word after by or side     | 30 | Actor Turhan        | 35 | Mark to Blake  | 40 | Aspect                  | 45 | Black to Blake         | 50 | Physicist | 55 | Ponderologists topics | 60 | Of a certain cereal grass | 65 | Father-in-law of Esau | 70 | Place for a British horse race | 75 | Exchange premium | 80 | Quahog | 85 | Ankara dollar | 90 | One starts with difficulty |
| 26     | Indifferent               | 31 | Actor Turhan        | 36 | Mark to Blake  | 41 | Aspect                  | 46 | Black to Blake         | 51 | Physicist | 56 | Ponderologists topics | 61 | Of a certain cereal grass | 66 | Father-in-law of Esau | 71 | Place for a British horse race | 76 | Exchange premium | 81 | Quahog | 86 | Ankara dollar | 91 | One starts with difficulty |
| 27     | Harrow's rival            | 32 | Actor Turhan        | 37 | Mark to Blake  | 42 | Aspect                  | 47 | Black to Blake         | 52 | Physicist | 57 | Ponderologists topics | 62 | Of a certain cereal grass | 67 | Father-in-law of Esau | 72 | Place for a British horse race | 77 | Exchange premium | 82 | Quahog | 87 | Ankara dollar | 92 | One starts with difficulty |
| 28     | Timber rot                | 33 | Actor Turhan        | 38 | Mark to Blake  | 43 | Aspect                  | 48 | Black to Blake         | 53 | Physicist | 58 | Ponderologists topics | 63 | Of a certain cereal grass | 68 | Father-in-law of Esau | 73 | Place for a British horse race | 78 | Exchange premium | 83 | Quahog | 88 | Ankara dollar | 93 | One starts with difficulty |
| 29     | Land measure              | 34 | Actor Turhan        | 39 | Mark to Blake  | 44 | Aspect                  | 49 | Black to Blake         | 54 | Physicist | 59 | Ponderologists topics | 64 | Of                        |    |                       |    |                                |    |                  |    |        |    |               |    |                            |



# The New York Times

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## Through Rose-Colored Sunglasses

Industrial chemicals are eating away at the high ozone layer that shields life from the sun's harmful ultra-violet rays. To most people the solution is obvious: Cut production of those chemicals and find alternatives. Not to Donald Hodel, the Secretary of the Interior, and William Graham, the President's science adviser. They object to the State Department's efforts to negotiate an international production freeze. If ultra-violet radiation increases, says Mr. Hodel, people could wear more sunglasses, hats and suntan lotion.

Like Marie Antoinette advising breadless French peasants to eat cake, Mr. Hodel and Mr. Graham come at the facts from an odd perspective.

Ultra-violet light doesn't just cause a pleasant tan. Larger amounts may induce skin cancer and melanoma. Mr. Hodel pooch-pooches that inconvenience: "People who don't stand out in the sun — it doesn't affect them," he says. But the Secretary seems to have forgotten about animals. Will the cows be decked out in Varnets and sun hats, or be trained to graze at night?

Mr. Hodel and Mr. Graham believe there's no hard evidence for the thousands of extra skin cancer cases predicted by the Environmental Protection Agency, and that E.P.A. ignores likely changes in behavior and technology. They're right, but it makes little difference. The risk of substantially increasing the planet's ultra-violet exposure, to safeguard chemicals for which easy alternatives are within reach, is not worth running. The ozone issue has been debated for 13 years, and broad agreement has now been reached that the threat is serious, even though many uncertainties remain.

## Cops for All. Taxes for Some?

On Tuesday, a large section of inner-city Los Angeles will vote on a proposal to raise property taxes to pay for more city police. That's noteworthy because the rest of the city is not doing the same. This special referendum raises troubling questions about majority will, minority rights and the relationship of a city's parts to the whole.

The City Council sponsor of the measure already has disowned it. The residents of south central Los Angeles would be wise to do the same.

Remember the unsuccessful effort last November in Boston's Roxbury neighborhood to secede and form a separate city? The referendum in Los Angeles arises from similar frustration and desperation. Residents of the predominantly black area complain of high crime, much of it arising from gang activity and drug trafficking.

Twice since 1980, Los Angeles has considered tax increases to enlarge its too-small police force from 7,000 to 8,500. South central Los Angeles supported both efforts by 60 percent majorities, but the city as a whole voted down both. The June referendum proposes raising taxes only in the south central section, by \$21 million a year, to hire 300 more city police officers. In theory, they would augment 1,200 already there. It's a desperate idea.

A dwindling band of proponents say the effort is an exercise in community self-determination, a legitimate application of the idea of special assessment districts, a concept well-established for financing physical improvements. South central Los Angeles apparently is the first area in California to apply the concept to police protection. Supporters say wealthy neighborhoods routinely create neigh-

If the delicate ozone veil should be seriously damaged, the food chains of both land and ocean could be disrupted and all life on Earth would be at risk. The computer models that project the threat are uncertain, of course, but biologists have no doubt of the effect.

The United States has led the world in identifying the danger and taking steps to avert it. The threat to the ozone layer comes from chlorofluorocarbons, the unusually long-lived chemicals used as refrigerants, in auto air-conditioning and to make plastic foam. There is no major obstacle to finding suitable alternatives. DuPont, the world's largest manufacturer of chlorofluorocarbons, says it could economically produce safe and effective substitutes within five years.

After months of deft negotiation, the State Department pulled off a diplomatic triumph last month in persuading recalcitrant Europeans to reduce production by 20 percent. The next step was to secure agreement on a 50 percent reduction.

That's the point at which Mr. Hodel and Mr. Graham have chosen to intervene, seeking to undermine the State Department's position. Their meddling threatens to force the United States from a widely admired position of leadership into humiliating retreat. If agreement cannot be reached even on so clear-cut a danger as the ozone threat, there is even less hope of international action against acid rain and the feared global warming of the atmosphere, known as the greenhouse effect.

The Secretary of the Interior, charged with conserving the natural environment, and the President's science adviser, who is meant to understand it, should be educating their colleagues not leading the plunge into sunlit darkness.

neighborhood associations that hire security guards. The south central L.A. plan, they say, would do the same thing with real police.

Perhaps, but the principle is perilously different. Police protection is a unique public service, safeguarding citizens' lives and wielding coercive authority are unique state responsibilities. Police power cannot be bounded like curbs and sidewalks. South central Los Angeles might pay for 300 extra police officers, but they would necessarily take their orders from city authorities. They could be deployed anywhere in the city — and probably would be. Could any police chief allow his deployments to be limited by claims of "ownership" by individual neighborhoods?

And what of the precedent? Is it wise and fair to apportion services on the basis of wealth? Does that not undermine the basic principle that every person, regardless of wealth or accidental attributes like race, is a citizen with an equal claim to the protection and benefits of the polity?

It's one thing to acknowledge that the system is imperfect, that as a practical matter wealthy neighborhoods will always command good services while poorer ones make do. It's another thing to ratify such inequity by a vote like this referendum.

If such arguments carry the day Tuesday, residents of south central L.A. can pursue other forms of recourse. A lawsuit, for example, could call into question what critics say is the police department's policy of giving equal weight in deployment to property crimes and crimes against persons. Such a suit could challenge the comfortable majority and perhaps begin to build pressure for a proper police referendum: city-wide.

## Comrade Tyrant Mr. Ceausescu

Rumania refused to join the rest of the Soviet bloc in shunning Israel or boycotting the Olympics; such an independent foreign policy appeals to Washington. But if Americans could see the Rumanian tyrant Nicolae Ceausescu at home, they'd like him less.

Soviet leader Mikhail Gorbachev visited him last week, and the two differed, not about foreign policy but about how to respond to hard times at home. Mr. Ceausescu's method should disabuse anyone of the idea that he's a Communist leader the West can love.

He rejects outright Mr. Gorbachev's reforms to increase productivity. The nice word for Rumania's way is austerity; deprivation is more accurate. To repay foreign debt Mr. Ceausescu has slashed imports, set harsh limits on energy consumption and instituted policies that brought deep pay cuts. The result is little heat in winter, food scarcity and living standards depressed even by neighboring Bulgaria's standards. No surprise then that Mr. Ceausescu thinks centralization will do very well in Rumania.

When Mr. Gorbachev called for reform, Rumania's party faithful sat on their hands. When their leader spoke, they applauded loudly. Considering how Mr. Ceausescu crushes his people at home, there's no reason for Americans to join in.

## Sophisticated Sailor

The time has come, in the wink of a computer screen, to redefine the romance of sail. For centuries, sailing meant following unpredictable winds to little-known places. In his 1926 book, "The Romance of Navigation," Master Mariner W. B. Whall relived an era "when the sea-man from stormy Europe could find fairylands, where soft breezes blew the year round, where the harsh teeth of winter were never felt, where strange races were found, with gold, spices and pearls."

Soft breezes persist but the latest thing in sailing ships is the Wind Song, a shining white French vessel. At 440 feet, it's the longest sailing ship ever built. It's even

## Topics of The Times

more noteworthy for the way its six huge sails are deployed: electronically.

"They make me jump from spar to spar, like a grasshopper in a May meadow," said Melville's Ishmael. On the Wind Song, and its sister ship the Wind Star, "they" is a Hewlett-Packard 300 computer and the spar hoppers are replaced by electronically controlled winches.

The system works well, with the computer constantly recalculating all the variables, and offers an example for how cargo ships can save millions. But such a gain also implies a loss. There will be luxurious moments as these vessels sail to Tahiti or through the Grenadines with sauna, videotapes, piano bar. There ought to be, at \$3,270 a week per couple. But this safe comfort will no more resemble the romance of sail than the first-class cabin of a 747 resembles a Sopwith Camel.

There's novelty in a ship sailed by electrons, and there may be a certain thrill to extravagance. But these are not feelings of mystery, vagary, danger and chance. Serendipity does not compute.

## Heir Fare?

How much does it cost to fly from New York City to Detroit on a weekday and back the next day? It costs about \$100 more than flying back and forth twice between New York and Detroit, provided the round trip tickets commit the traveler to stay over a Saturday night.

There's no need to stay through Saturday, however, if one of the round trips begins in New York and the other in Detroit. The traveler leaves New York on, say, a Wednesday, using the first part of one round trip ticket, and returns Thursday using the first part of the second ticket. That saves \$100 even counting the cost of the unrefundable return tickets.

Might some clever traveler develop a market in those leftovers? Perhaps, but the second traveler would have to use the purchaser's name. That's illicit. Unless, of course, the user of the leftover tickets happens to bear the same name as the original purchaser. Quite logically, if he were a father, that could be his eldest son. In which case there's even a name for the ticket: heir fare.

## Letters

## Worse Trouble Awaits U.S. in Persian Gulf

To the Editor:

Contrary to Administration claims, the United States is neither neutral in the Iraq-Iran war, nor is it defending the principle of freedom of international navigation in the Persian Gulf. Rather, the purpose of the United States naval presence is to protect Arab oil shipping from Iranian attacks, even as Iraqi attacks on Iranian oil shipping continue. In effect, the tilt toward Iraq is an endorsement of the Iraqi policy of indiscriminate attack on all international shipping within a 50-mile radius of the Iranian port of Kharg Island at the northern end of the Gulf.

This one-sided enforcement of freedom of navigation is inimical to the fundamental strategic interest of this country. The longer we pursue this policy the less likelihood there is for an Iranian-American rapprochement needed to restore the superpower equilibrium in the Persian Gulf.

On the contrary, continuation of this policy runs the high risk of leading to a Soviet-Iranian accommodation or a Soviet-American condominium, a joint rule, in the region, neither of which is in the interest of our national security. While Moscow is indeed the dominant external power in Iraq, it is Iran — not Iraq — that is the strategic prize. A Soviet reversal of alliances in the Gulf would shift the global balance of power decisively in Moscow's favor.

While this ominous prospect is on the horizon, a de facto Soviet-American condominium is taking shape. Kuwait has successfully negotiated Soviet naval protection for its tankers plying the Persian Gulf, and the United States is negotiating similar arrangements. By drawing the Russians into the Gulf, the Kuwaitis have put American policy makers on the horns of a dilemma. Either we balance the Soviet intrusion by escalating our air and naval presence or withdraw

and cede to the Soviet Union a monopoly on the sea lanes vital to the defense and economic survival of Western Europe and East Asia.

Since neither option is acceptable, the present policy is fundamentally flawed. From this vantage, the attack on the American frigate Stark is a harbinger of even graver consequences.

JOSEPH CHURBA

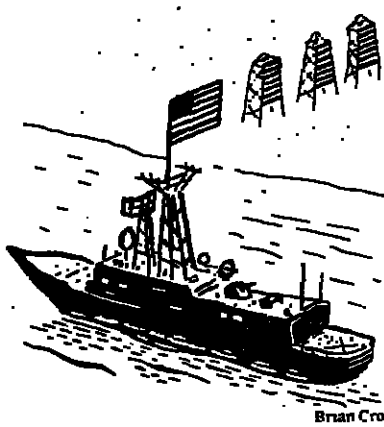
Washington, May 22, 1987

The writer, president of the International Security Council, is editor in chief of Global Affairs.

## Oil's Hidden Costs

To the Editor:

"The Attack on the Stark" (editorial, May 19) succinctly identifies what underlay the Stark tragedy: "until America weans itself from Persian Gulf oil, the stakes are too high to do nothing." Everyone knows we are there because the shipment of oil is vital to us and our allies. Unfortunately,



Brian Cronin

ly, the trend in the United States is clearly toward increased oil imports from the Middle East, and we are doing virtually nothing about it.

In the early days of the energy debate of the 1970's, there was much talk about the additional hidden cost of an imported barrel of oil because of strategic costs: the cost of deploying men and equipment in the Middle East, the political cost of compromises that are influenced, if not forced, by oil dependence and the human costs dramatized by the Stark attack. Analysts, including myself, attempted to attach a dollar value to these strategic costs (estimates of direct budget costs approached \$7 billion to \$8 billion a year).

Many of these analyses were either not persuasive or not credible. Nonetheless, the stakes and costs are high, something the Administration and Congress should consider when addressing domestic energy policies.

The recent Department of Energy report to the President on energy security failed to go far enough. Rather than current anemic, essentially laissez-faire policies, the United States needs an aggressive energy policy directed toward regulatory and budgetary initiatives to maximize energy efficiency; to use our substantial oil and natural gas reserves; to resolve the technical and regulatory impediments to greater coal and uranium use, and to enhance support of research and development for environmentally acceptable and economical energy sources other than oil.

Clearly the costs of engaging our military in the Persian Gulf must be included in the economic calculus of our energy policies. None of this will come easily. But the stakes are much higher than the possibility of an energy shock; they relate to the very real dangers of escalating conflicts over oil.

REGINALD J. BROWN

Washington, May 20, 1987

The writer is senior fellow, energy and strategic studies, at Georgetown University's Center for Strategic and International Affairs.

## Casey Fund Makes Deaths His Memorial

To the Editor:

Nicholas A. DiSalvo (letter, May 17) is incorrect in alleging that Bishop John McGann of the Roman Catholic Diocese of Rockville Centre inappropriately politicized the funeral of William J. Casey. That was done by the family itself (news story, May 7) in announcing the formation of a fund to aid the Nicaraguan contras and requesting that donations be made to the fund in lieu of flowers.

While we all sympathize with the Casey family over the loss of their loved one, and many other religious figures in New York City were appalled that the death of one person would be used to solicit funds that would result in the deaths of many others, mostly women and children.

We urged Bishop McGann, given the circumstances, in some way to make his position clear once more, and we commend him for the courage to do so.

(Rev.) ALLEN R. NEWMAN  
Chair, Task Force on World Peace  
Episcopal Diocese of New York  
New York, May 18, 1987

## For Victims of Larceny, a Sexual Disparity

To the Editor:

Many of your readers may still be unaware that last year the New York State Legislature revised the penal code to make larceny of \$1,000 or less a misdemeanor, petit larceny, whereas since 1965 the ceiling for petit larceny had been \$250, with any amount above that classified as a felony, grand larceny.

Regarding this change as a disaster for the public safety, the private security profession in this state has for several months been conducting a petition drive in support of a bill introduced by State Senator Guy Velella and Assemblymen Daniel Feldman and John Dearie to set a new petit larceny ceiling of \$500, a more reasonable amount. We have succeeded in uniting the entire business community of New York behind this proposal.

In particular, we want the women of our state to be aware that they have the most to lose through the law as it now stands. Larceny of property of any value carried on the person, which is how most men carry their property, continues to be a felony, but

most larcenies from women are not from their persons, but from their handbags when these are laid aside for any reason. Theft of \$1,000 from a woman's bag left at her desk is now petit larceny, but theft of a fraction of that amount from a man's wallet kept in his pocket is still grand larceny.

This discrimination is only one of the unintended bad effects of the Legislature's action. The worst effect is the encouragement it has given to petty criminals to increase their victimization of all New Yorkers, men and women alike, in their homes, in their businesses, in retail stores, in banks, anywhere that a lot of easy money can be made in three-figure installments, with less fear of punishment now than ever before. No wonder all larceny increased by 8 percent in the first 11 months of 1986 in New York City alone. The Velella-Feldman-Dearie bill (S. 5624, Assembly number pending) offers a chance to restore the balance.

MARTIN WALSH

New York, May 20, 1987

The writer is security director of a savings bank.

## Constitution Wasn't About Justice, but Order

To the Editor:

Recent criticism of the Constitution and its authors over slavery and other matters — such as that by Associate Justice Thurgood Marshall of the Supreme Court (front page, May 7) — seems to be straying from the point of what was taking place in Philadelphia in 1787.

First, it should be understood that the Founding Fathers were 18th-century men thinking 18th-century thoughts. They should not be faulted because they did not think 20th-century thoughts.

Second, there appears to be some confusion about the purpose of the Philadelphia convention. The Founding Fathers came together to save a country that was heading rapidly toward disintegration and chaos. They

were not concerned with social equality, but with political stability. The Constitution was not about justice. It was about order.

ROBERT W. JULY  
Professor of History, Hunter College  
and Graduate School, City University  
New York, May 23, 1987

## Enough Liberty

To the Editor:

The Supreme Court, in deciding to validate the principle of preventive detention in criminal cases by allowing denial of bail for defendants deemed a threat to public safety (front page, May 27), has apparently reckoned that 200 years of liberty under the Constitution are more than enough.

HARVARD HOLLENBERG  
New York, May 27, 1987

## National Auto Registry

To the Editor:

The attempt of New York City to collect taxes and to crack down on automobile owners who violate the law by registering their vehicles out of state as a way to save money on insurance premiums and sales tax (news story, May 17) brings to mind a more menacing problem.

I refer to the ability to obtain out-of-state driver's licenses when a license from New York State (or another state) has been suspended or revoked (e.g., for habitual traffic violations, repeated drunken driving offenses).

The time for a national driver registration has surely come, and would probably save money by eliminating part of the bureaucracy in 50 states.

RUDOLPH NOTKOFF

Orangeburg, N.Y., May 18, 1987

## In Praise of the Asphalt Campus and the Leaders It's Producing

To the Editor:

Your May 12 news article on the rising cost of college education, like many other such discussions, neglects one solution to the problem. It is the growth of the undergraduate nonresidence public junior college and the urban university system.

Only a minority fraction of the population has ever "gone off to school" and still does. The continuing democratization of higher education in the form of public urban nonresidence institutions is taking place for good reason. It is just not cost-effective to send large numbers of students away from home to private and public residence universities. The so-called good in "getting away from home" has been and is a luxury for the minority and probably reflects an economic elitist mentality.

Why are we not hearing about the urban institutions in discussions about rising undergraduate education costs? Probably because those who write and speak on such matters have been exposed only to the traditional system. Only now are the earli-

est graduates of the public urban universities climbing up the economic and prestige ladders.

That is demonstrated by the difficulty new institutions have in organizing their alumni for purposes of institutional development, as the older ones have done. Time will change that situation, but recognition of the public urban institution as a solution to the rising cost of education must happen now! It is particularly important for upward mobility of the working class and minorities.

To those who would say urban institutions are not up to the intellectual standards of the traditional ones, I point out that the recent breakthrough in high-temperature superconductivity was made at the University of Alabama at Huntsville and the Univer-

sity of Houston, both urban universities! Today's public urban university is populated with faculty members who received their graduate education at the traditional universities.

My personal sensitivity to the change that is taking place is probably due to my having been a junior college student who came from a single-parent family headed by a female and was later an urban university underdog with my own family. Pursuing graduate study, I attended a private traditional institution in Cleveland. It was in that city I witnessed the birth of a new "high rise" urban institution in the form of Cleveland State University.

THOMAS J. WDOIWAK  
Associate Professor of Physics  
University of Alabama  
Birmingham, Ala., May 19, 1987

**The New York Times Company**  
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# The Crippled Genius


The  
balance  
of  
weakness.

But 200 years ago this summer, at the constitutional convention in Philadelphia, they formed "a more perfect union." Monnet, if he were still around, would probably predict that one day in the next century, the divided Europeans might do the same. □

**By Daniel Pipes**

Daniel Pipes is director of the Foreign Policy Research Institute and editor of *Orbis*, its quarterly journal.

**Third: Promote regional balance.** In the long term, the Persian Gulf will stabilize only if Iraq and Iran, the two local powers, have roughly equal



There is a precedent for support for Iraq — cooperation with the Soviet Union in World War II. Franklin D. Roosevelt saw Hitler as even worse than Stalin; further, the Germans seemed likely to defeat the Russians. Working with the Communists in Moscow was distasteful but temporarily necessary and, in retrospect, absolutely correct. Along similar lines, the United States should take steps to bolster Iraq's defenses. □

# Eight Steps For Life

**4. Mandatory testing only where it makes sense.** Trying to force tests on all the afflicted is impossible and self-defeating. But medical examination for contagious diseases is already demanded for immigrants, and AIDS testing should be added to the list. It should be a condition for enlisting in the armed forces. Government employees should volunteer for testing



**By Tom Lantos**

# The Low

American flag? Would we attack the base from which the hostile action came? Do we attack Teheran? It is not enough for the Administration to hope that its plan would deter Iran from hostile action. What if it doesn't?

The lives of American sailors must not be put at risk to assure the delivery of Kuwaiti oil to the factories of Japan. If the buyers and sellers of Kuwaiti oil do not feel compelled to pro-

American foreign policy succeeds when our mission is clear, when the Administration and the Congress act in concert and when the American people understand and support our goals. These conditions were not present in the hastily concocted scheme to reflag Kuwaiti tankers, but by consulting with Congress the Administration may avoid another foreign policy debacle. □

But when will the country take them?

Some of these points are unpleasant to read or write, particularly those that may touch on civil liberties. Better now and minimally, rather than late, when, with fear, disregard for liberties may grow even faster than the spread of the disease.

**By Gilbert Cranberg**

**Hilbert Cranberg**, former editor of the Des Moines Register's Editorial page, is professor at the University of Iowa's School of Journalism and Mass Communication.

event, though, is the election of delegates to G.O.P. county conventions. Those elections shape Iowa's delegation to the national convention. The press hardly pays attention to caucus selection of these delegates because

looking for straw votes by offering photo opportunities with pigs. A former governor pedals across the state. The search for scarce caucus participants puts the candidates on a merry-go-round of picnics, coffees and living-room tête-à-têtes. An estimated 2,000 members of the national press corps will report the

the idiocy of the Iowa caucuses, refused to participate and demanded reform of the hodgepodge of offshoots would perform a similar service. The purpose of a nominating process is to demonstrate fitness for office: Opting out of the madness by tossing a towel into the ring instead of a hat would do exactly that. □



# Approaching the Summit: Can the 'Group of Seven' Learn To Waltz?

**Economic  
coordination  
usually stops  
where national  
interest begins.**

By PETER T. KILBORN

Six somberly suited men and one, the Italian, who invariably arrives in open sports coats, convene every three months or so in the opulent gilded chambers of the Louvre Palace, in the clubby rooms of No. 11 Downing Street or beneath the swooping brass chandeliers of the American Treasury's third-floor conference room. All ministers of finance, they call each other by first names — Jim, Kiichi, Gerhard, Edouard, Nigel, Michael, Giovanni. All come armed with briefing books, kept at their fingertips, and with the weight of their economies on their backs. Each also brings his deputy and his central banker, and three bring interpreters. The managing director of the International Monetary Fund, Michel Camdessus, is also there, to try to keep the others honest.

Collectively, they are known as the Group of Seven, for the industrial democracies — the United States, Japan, West Germany, France, Britain, Canada and Italy — that join in the annual economic summit conferences. Formed only a year ago, the group has an impressive mandate: to devise a way the countries can work together to manage the world economy. That is easier said than done.

In a simpler era, after World War II — when the world's economies were less interdependent, when its

Although some economists find the notion absurd — saying that governments will collaborate when it serves their domestic political interests and go their own ways when it does not — most of the participants are not so cynical. Gerhard Stoltenberg, the West German minister, for example, talks of having "more common ground than we have had in the past." And Paul A. Volcker, chairman of the Federal Reserve Board, who has attended these meetings and their mostly less ambitious precursors longer than anyone else, said: "However frustrating the meetings can be, there is great utility in these people having close contact with each other. That has an influence in vague and undefined ways."

But what is this policy coordination they are talking about? How does it really work when the men go behind closed doors? How do they know when their economies fall out of line and then what do they do?

What the Western finance ministers have established so far is a "framework," they call it, for holding their economies on course. It is centered on six measurements, or "objective indicators" of economic performance: growth, trade, budget balances, inflation, interest rates and currency exchange rates.

Choosing the indicators was only a beginning. The next step was to settle on common methods of measuring them, ways to bridge cross-cultural differences and cleanse the figures of the optimistic calculations that countries often present for public consumption. Countries also collect and define statistics differently.

The difficulties are apparent if one looks at budgets. "All the governments are on different budget cycles, and their budget processes are different," explained one deputy minister. "The budget year varies, and the method by which they surface their budgets and pass them varies." The group agreed to let the I.M.F. act as

and it held for several months. New ranges for the yen and for the German mark were set at a seven-country meeting last February. The ranges were reconfirmed in April, and despite periodic turbulence, those ranges are holding.

The idea is that when a currency departs from the range, the countries will act in some way. Their central banks will try to force it back by intervening — ganging up on the markets, buying and selling currencies. Alternatively, the countries would make changes in the domestic economic policies that might be causing the trouble. Or they would accept the change in the currency and reset their goals for their economies.

For all the ministers' progress, the

*'The meetings  
have influence in  
vague and  
undefined ways.'*

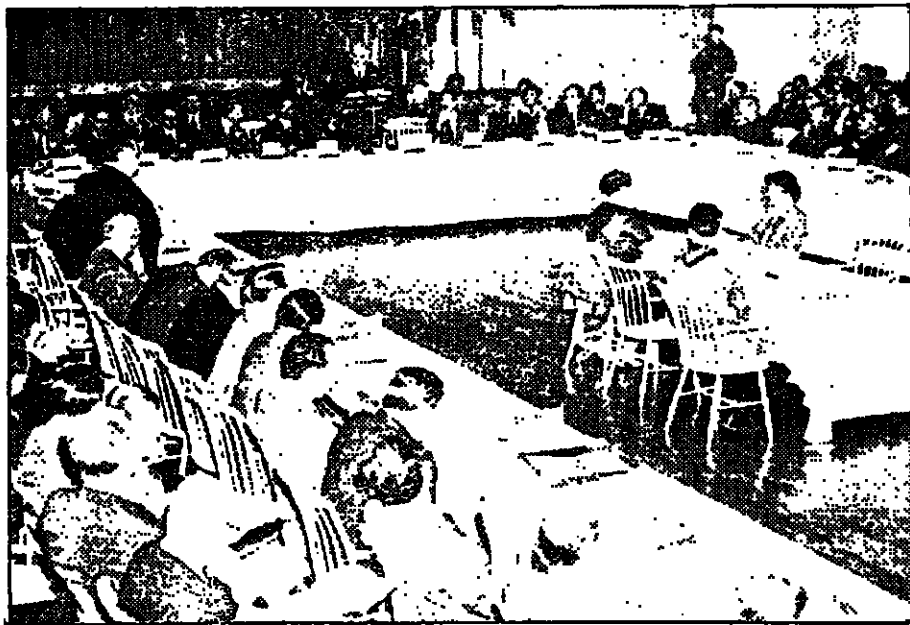
Paul A. Volcker,  
Fed chairman

most important component of an attempt to coordinate economic policies — a willingness to alter countries' fiscal policies of taxation and spending — has yet to be demonstrated. So far, they have been willing only to alter monetary policies — mainly interest rates — in response to unwanted changes in exchange rates. In the year that the ministers have been working together, the three key countries, the United States, Japan and West Germany, keep rebuffing appeals to act on their fiscal policies.

Washington wants Bonn and Tokyo

## Steering the World Economy

The international financial plan hammered out at Bretton Woods, left, in 1944 worked until the early 1970's. Next month, western leaders will meet in Venice to work on a modern version, a task they started at last year's Tokyo summit, bottom.



United Press International



United Press International

capital markets were more regulated — a similar group of men wrote the treaty of Bretton Woods, which tied the finances of the Western world to gold and kept them in some kind of balance. That era is now past, most financial experts agree that the same volatile forces that pushed that system to its limits by the early 1970's, leading President Richard M. Nixon to abandon the gold standard, make it impossible to return to such simple mechanisms as rigidly fixed relationships among currencies.

But finding a workable replacement — if there is one — is a task that pushes economic theory to its limits. Economists would be the first to say that their tools for controlling inflation, recessions and other economic crises are limited at best. It is also a task that assumes a hefty dose of political clout among its participants, if they are to put into effect at home the promises they make to each other. "One of the most difficult jobs in the world," said Treasury Secretary James A. Baker 3d, "is coordinating economic policy. Of necessity, a country's domestic agenda has to come first unless you're going to cede sovereignty, and we're not going to do that."

Now, once again, the group is preparing to meet, this time at the summit conference in Venice, June 8 to 10. President Reagan will attend, along with the heads of state of the six other nations. They are likely to announce that the finance ministers have moved some distance toward a new arrangement, something they call "international economic policy coordination."

referee, and with its participation, major differences appear to have been resolved.

The ministers are farther from agreement on a critical feature of the framework: how to respond when someone's indicators depart sharply from projections and thus threaten the collective goal of stable growth.

For a while, the French Finance Minister, Edouard Balladur, proposed that the system include a high degree of what economists call "automaticity." Under this proposal, countries would automatically take corrective, predetermined action when the indicators — in particular exchange rates — go awry. "But this did not seem possible," Mr. Balladur said during a visit here. "So I suggested that consultations, not decisions, become automatic." The seven would call a quick meeting, as they did in February following a renewed run on the dollar, and discuss what action, if any, to take.

The Group of Seven accepted this approach, but differences remain.

ALREADY, the countries have put into effect one feature of the broader concept of policy coordination. They have been setting ranges for currency exchange rates, a partial step back to the system of fixed exchange rates that prevailed from 1944 until the early 1970's. They do not put the rates on paper anywhere, for fear they might leak to the markets and provoke speculation.

A range of around 150 to 160 Japanese yen for the dollar was established at a meeting of Japanese and American ministers last September,

to stimulate the growth of their domestic economies by cutting taxes and raising domestic spending and investment. This would reduce Japan's and West Germany's reliance on the exports that have contributed to the gaping American trade deficit and might mute the protectionist chorus in Congress. Germany and Japan, like the other countries at the table, want the United States to do the opposite — to raise taxes and so reduce the budget deficits that they believe cause the trade problem and others.

These conflicts come up at the ministerial meetings. One witness — he, like others, spoke on the condition that he not be named — said the I.M.F. might say that growth in Germany and Japan is slow and inflation under control, so conditions permit cutting taxes or increasing public spending or taking other actions to foster domestic growth.

"So," the witness recounts, "Stoltenberg says, 'I think the I.M.F. is being much too cautious. My forecast is much better and we put very high priority on price stability and besides we're politically committed to what we have.' And the Japanese say, 'We cannot pass our present budget, and I have some sympathy for what you are saying but that's not the mood in Japan and I cannot do anything.'"

"And," continued the witness, "the I.M.F. says, 'The United States ought to reduce its budget deficit. That's absolutely fundamental.' And Baker says, 'I certainly agree with that! I'm all in favor of reducing the U.S. budget deficit. We'll write that into the communiqué, once again.' The others needle Mr. Baker to raise

taxes as one way to cut the deficits, but President Reagan refuses to consider that, and Mr. Baker tells them the Administration's policy is cutting spending. "He doesn't come to grips with the issue," the witness said.

For all the limitations of such a process, most proponents say that even over such divisive issues, talking is more productive than not talking. Furthermore, the nations believe that nothing would work any better than the system they are trying to develop. Three times, from 1879 until 1914, again in the 1920's and still again after World War II, countries attempted to link the management of the world economy to gold prices. If inflation in a country rose, lowering the value of a currency, the country was usually forced to make hard adjustments in economic policies — raising taxes or interest rates — to bring the currency back into line.

The gold-based systems, however, collapsed in World War I, during the Depression, and during the inflationary burst of the late 1960's — times when countries found such policy changes were too onerous to make.

In the periods between the gold-based systems, countries usually let their currencies "float" in the marketplace with varying degrees of abandon. Sometimes they tried "managed floating," or adjusting interest rates and intervening in the markets by buying and selling currencies when investors and speculators pushed exchange rates to undesired levels. At the other extreme was the practice of "benign neglect," when countries rarely intervened.

Currencies began floating again in the early 1970's when the nations rejected the belt-tightening policies required to stop inflation. The first four years of the Reagan Presidency was a period of "benign neglect."

Finance ministers from the United States, Japan, West Germany, France and Britain convened periodically then, but they never made noteworthy agreements or issued communiqués.

TWO years ago, attitudes changed as the dollar's rise began penalizing America's economy, and momentum began building for protectionist legislation. These factors persuaded Secretary Baker that the dollar had become a liability.

Mr. Baker and his aides found themselves leaning on an open door when they approached the older, less formal Group of Five — the Seven minus Canada and Italy — for help. The five began laying the plans that led, on Sept. 22, 1985, to the Plaza Hotel agreement that the dollar — which by then had already begun to slide — was far too high and that they would work to push it down.

"That was an ad hoc step toward this process of policy coordination," said an economist who prepares materials for the group's economic projections. The dollar fell and fell, for more than two years, and he said "created an air of euphoria" among the countries, persuading them that they could collaborate in dealing with more complex problems as well.

The institution that these men created, though frail, is beginning to acquire a look of permanence. At their meetings, participants say, the Germans, Mr. Stoltenberg and Mr. Pöhl, are active participants. So are Mr. Baker and the Japanese finance minister, Kiichi Miyazawa. Mr. Volcker is said to pipe up during discussions about the dollar and the policies of Japan and Germany, but often appears bored and withdrawn.

Nigel Lawson, Britain's Chancellor of the Exchequer, "does all the talking for the British," a participant said, and takes great interest in editing the communiqués. The Frenchmen for long have had the reputation of being gadflies. But Mr. Balladur has proved less of one, in part, it appears, because the ministers have partly come around to France's steadfast insistence on including exchange-rate objectives in setting policy. Of the smaller-country representatives, participants say, Canadian Finance Minister Michael Wilson is an affable but infrequent participant, while Italy's Giovanni Goria is among the more loquacious.

The ministers and their associates meet and eat, for at least a full day, never leaving the buildings they are in, and in the case of the Treasury, not even the room. There's structure to the meetings, "but the discussion is totally spontaneous," the participant said. "Nobody talks from notes."

Spontaneity, however, is also a hazard. The Group of Five gathered at the Louvre last Feb. 21, a day before a meeting there of the seven. The Italians, suspecting that the five would dictate decisions taken the next day in the name of the seven, boycotted the larger meeting. Mr. Volcker, others said, complained that the ministers devoted an hour to deciding how to deal with the Italian affair in the communiqué. In the end, they said nothing about it.

Despite such tiffs — and the time spent on them — they succeed in reaching agreements of consequence. "But even if they do nothing," said an economist at a central bank, "the world economy is better off because they are aware of the implications of doing nothing."

# The Economy

## WEEK IN BUSINESS

Primerica is to buy Smith Barney for \$750 million, making a services business the mainstay of the company that used to be American Can and had been concentrated in industry. Gerald Tsai Jr., Primerica's chief executive, was a top Wall Street executive for many years, thus returns to the investment business. The move also gives Smith Barney new capital to bolster itself in an increasingly competitive market. Analysts said the move made sense for both companies, although some questioned whether the move was opportune now, when many predict a downturn in the securities industry. But Mr. Tsai says he can improve what he called "a second-tier" company.



Gerald Tsai Jr.

Allegis is recapitalizing in an attempt to block a takeover attempt by a group of investors with a 13 percent stake in Allegis. The recapitalization calls for shareholders to be paid \$60 a share in cash, saddling the company with about \$3 billion in debt, which theoretically makes it less attractive to raiders. But analysts note that the plan also could weaken the company and force it to sell some assets. That would damage the plan of Richard J. Ferris, Allegis's chairman, to keep together United Air Lines, Hertz and Hilton hotels to form an integrated travel services company. And it could mean trouble for United, which has been struggling in a more competitive industry.

Robert Maxwell ended his bid for Harcourt Brace Jovanovich, but said he would "review alternatives," possibly including a future bid. Mr. Maxwell, a British publisher, withdrew his \$2 billion offer after Harcourt enacted a \$3 billion recapitalization plan that puts nearly a third of the shares in a few hands and loads Harcourt with up to \$3 billion in new debt.

Recapitalization has gained in popularity among companies threatened by takeovers, but some analysts wonder if it is worth it. While the plans, which usually call for a cash payment to stockholders made with borrowed funds, bolster stock prices and discourage raiders by increasing debt, they also make companies more vulnerable in a down economy, because little equity is left to see the company through hard times.

Leading indicators fell six-tenths of 1 percent in April, the biggest drop in two years and slightly worse than analysts' expectations. The index, intended to foreshadow economic performance several months down the road, was hurt by a drop in the manufacturing components, but helped by a drop in unemployment claims. The number did little to change expectations of slow growth for 1987. ... Americans' personal income after taxes fell 2.4 percent in April, the biggest drop in 12 years.

Stocks and bonds gained in a holiday-shortened week, benefiting from a rebound in the dollar through increased buying by Japanese investors. The Dow Jones industrial average had its third-best point gain ever Tuesday, rising 54.74, and closed for the week at 2,291.57, up 48.37.

Japan introduced measures that it

said would stimulate its economy through public works projects and purchases of foreign goods. The plan was welcomed by United States officials, but analysts said the \$43 billion emergency plan would probably not stimulate demand for foreign products over the long term. Prime Minister Yasuhiro Nakasone and other Government officials, noting past skepticism over past programs, asked trading allies to trust Japan this time.

Asher B. Edelman raised his bid for Burlington to \$77 a share, or about \$2.5 billion, topping his earlier per-share bid of \$72 and that of a Morgan Stanley group seeking a leveraged buyout for \$78. Mr. Edelman, who is working with Dominion of Canada, insists he is not trying a ploy to get out of the bidding with a hefty profit on his shares, as some analysts have charged. Burlington, which had accepted Morgan's bid, said it would look closely at Mr. Edelman's offer.

Chase Manhattan and Norwest joined a trend and swallowed hard to absorb troublesome loans to the third world. Chase, the No. 3 banking company, said it would set aside \$1.6 billion for possible loan losses in the second quarter, giving it a \$1.4 billion loss, for the quarter. Norwest set aside \$200 million, making a \$160 million loss. The two followed the lead of Citibank, which set aside \$3 billion, and other banks are now expected to follow suit.

The Merc will reopen trading in precious metals futures contracts. The move by the Chicago exchange is intended to take advantage of problems at the Comex in New York, where huge volumes and wide price swings have caused delays and complaints. At the Comex, the daily price limits by which futures contracts can rise or fall are being eliminated.

Standard Oil will sell some assets to Shearson Lehman Brothers, which will sell most of them to other buyers. Standard is preparing for its takeover by British Petroleum.

A refinancing of Turner Broadcasting received Government approval. The plan calls for the sale of about 35 percent of the company to a group of cable television operators.

Miscellaneous. Greyhound bought Carson Pirie Scott's airline catering and terminal services businesses for \$390 million.

### The New York Stock Exchange

#### MOST ACTIVE STOCKS WEEK ENDED MAY 29, 1987

| Company   | Sales      | Last   | Net Chng |
|-----------|------------|--------|----------|
| Har B J   | 20,864,400 | 55 1/4 | +11 1/2  |
| Allegis   | 12,475,000 | 86 1/2 | +15 1/4  |
| Tax Unit  | 8,048,300  | 31 1/4 | + 1 1/4  |
| Navistar  | 7,995,600  | 8 1/4  | ...      |
| Textm     | 6,743,800  | 29     | - 1      |
| Lockhd    | 6,511,000  | 50 1/4 | + 6 1/4  |
| AT&T      | 6,215,600  | 25 1/4 | + 3/4    |
| Gen El    | 5,823,500  | 52     | + 1 1/2  |
| Texaco    | 5,814,700  | 37 1/4 | + 1/2    |
| IBM       | 5,801,200  | 160    | + 3 1/4  |
| Occi Pet  | 5,186,700  | 37     | + 3      |
| S Fe So P | 5,158,000  | 46 1/4 | + 4 1/4  |
| Fia Prg   | 4,903,400  | 35 1/4 | + 1 1/2  |
| A Exp     | 4,868,800  | 33 1/4 | + 1/4    |
| Greyh     | 4,737,900  | 43 1/4 | + 1 1/2  |

#### MARKET DIARY

|              | Week  | Prev. Week |
|--------------|-------|------------|
| Advances     | 1,438 | 502        |
| Declines     | 522   | 1,514      |
| Total Issues | 2,170 | 2,204      |
| New Highs    | 80    | 49         |
| New Lows     | 85    | 232        |

#### VOLUME

|                | Last Week   | Year To Date   |
|----------------|-------------|----------------|
| Total Sales    | 631,179,320 | 16,840,191,898 |
| Same Per. 1986 | 567,631,004 | 14,913,485,170 |

#### WEEK'S MARKET AVERAGES

|                         | High  | Low   | Last  | Change |
|-------------------------|-------|-------|-------|--------|
| New York Stock Exchange | 200.3 | 188.3 | 199.2 | +5.24  |
| Indust                  | 146.1 | 138.9 | 144.1 | +6.78  |
| Transp                  | 72.2  | 70.4  | 71.9  | +2.23  |
| Finance                 | 146.8 | 144.5 | 146.0 | +3.25  |
| Composite               | 164.5 | 160.7 | 163.4 | +4.43  |

#### Standard & Poor's

|              |       |       |       |        |
|--------------|-------|-------|-------|--------|
| 400 Indust   | 340.0 | 328.1 | 336.8 | + 8.65 |
| 20 Transp    | 240.5 | 224.2 | 235.9 | +11.70 |
| 40 Utilis    | 109.6 | 104.7 | 108.9 | + 4.14 |
| 40 Financial | 28.2  | 27.3  | 27.9  | + 0.62 |
| 500 Stocks   | 292.8 | 286.3 | 290.1 | + 7.94 |

#### Dow Jones

|           |        |        |        |       |
|-----------|--------|--------|--------|-------|
| 30 Indust | 2332.3 | 2252.8 | 2291.5 | +9.68 |
| 20 Transp | 991.3  | 939.5  | 976.5  | +5.70 |
| 15 Utilis | 199.5  | 195.3  | 196.8  | +0.35 |
| 65 Comb   | 876.5  | 843.6  | 862.3  | +4.07 |

#### The American Stock Exchange

#### MOST ACTIVE STOCKS WEEK ENDED MAY 29, 1987

| Company | Sales     | Last   | Net Chng |
|---------|-----------|--------|----------|
| EchoBay | 1,925,100 | 36 1/4 | - 1 1/4  |
| Lawson  | 1,725,500 | 11 1/4 | ...      |
| Wickes  | 1,670,100 | 3 1/4  | + 1/4    |
| LoTel   | 1,492,900 | 16 1/4 | + 2 1/4  |
| WangB   | 1,368,700 | 17 1/4 | + 1/4    |
| TexAir  | 1,187,400 | 39 1/4 | + 2 1/4  |
| DomeP   | 940,700   | 1      | ...      |
| Amdehl  | 928,400   | 36 1/4 | + 2 1/4  |
| BlockE  | 833,500   | 3 1/4  | + 1/4    |
| AudvX   | 829,600   | 15 1/4 | ...      |

#### MARKET DIARY

|              | Week | Prev. Week |
|--------------|------|------------|
| Advances     | 475  | 218        |
| Declines     | 316  | 602        |
| Unchanged    | 154  | 134        |
| Total Issues | 945  | 954        |
| New Highs    | 40   | 23         |
| New Lows     | 34   | 93         |

#### VOLUME

|                | Last Week  | Year To Date  |
|----------------|------------|---------------|
| Total Sales    | 42,629,255 | 1,475,002,900 |
| Same Per. 1986 | 48,669,885 | 1,376,224,549 |



FEATURES

NO OTHER hobby provides such satisfying recreation and such amazing results for the amount of work done, as does gardening. Most people grasp very quickly the essentials of making things grow, and once they take up gardening they learn to understand the needs of the plants.

The beginning of June is also the start of a really hot period which lasts until September. Higher temperatures and less humidity oblige us to water more frequently. Working time in the garden during the summer months must be restricted to the cooler early mornings and late afternoons. Never plant during hot and dry days. If you cannot postpone some urgent task in the garden on a hot day, always keep your head covered and take frequent cold drinks. On these occasions I enjoy peppermint tea or home-made apple juice, both of which are always ready in our refrigerator in summer.

With time and practice every amateur gardener will gain experience and learn what specific plants, ornamentals and edibles can be successfully grown during the hot period of the Israeli summer. The ability to distinguish between summer and winter plants is essential for every gardener. Radishes, for instance, are a specifically winter crop and if sown now, will soon shoot into flowers and seeds, which makes them worthless for the kitchen. On the other hand, tomatoes, eggplants,

Edibles among ornamentals

GARDENER'S CORNER Walter Frankl

well-established seed shops.

TRY BEGONIA semperflorens (*begonia porahat-ad*) for your flowerbeds in summer. This red, white or pink flowering plant is sold here by florists and nurseries as a house-plant. I saw it in Europe as a decorative, outdoors garden plant and became enthusiastic about the effect of a few hundred, massed, red-flowering begonias planted in a public garden. Last year I tried them in Haifa and Jerusalem; I planted them in June and they flowered well until winter. They grow larger from week to week, covering the ground with little red flowers.

At the beginning of the winter season I mulched them with dry leaves. The books call them "annuals," but they not only survived the whole winter, but, with some additional compost soil and fertilizers, started to flower again in spring and there is no sign of dying in common annuals. For me, Begonia semperflorens have become perennials and I can highly recommend them as garden flowers.

THERE ARE many edibles which



The side shoots of tomato plants should be nipped out at least once a week.

ty fruits, rich in vitamins and minerals for daily meals of various kinds, but they are also a very decorative addition to the flower garden and balcony. The popularity of tomatoes is understandable, since they are easily grown in most localities and in every kind of soil. Loose, friable soil, free from lumps or clods and well supplied with organic matter and fertilizer, is ideal.

THE TOMATO PLANT was unknown outside South America until the 16th century, and like its other unknown botanical relatives - potatoes, peppers, eggplants and tobacco, found its way to Europe where it became very popular. In 1519, Cortés conquered the Aztecs in Mexico and the Spanish adventurer may have taken a few tomato seeds back to Spain, together with the gold. By tradition it was a priest who grew the first seeds in his monastery garden. A visiting Moor saw and admired the plant and took seeds back to Morocco. From there, in about 1550, an Italian sailor carried them to Italy.

When the tomato arrived in Italy it

was first called *pomo de mori* (apple of the Moors). Later it was called *pomi d'oro* (golden apple), which suggests that the yellow variety was the most common. In 1560, Lord Burley, the great Elizabethan statesman had some tomatoes growing in his garden. However, they were regarded as a curiosity rather than a food. The British called them *love apples* and in France the plant gained some popularity as an ornamental with aphrodisiac properties. The French called it *pomme d'amour* (love apple). It may well be that the Arabic *bandoura* for tomato derives from a corruption of *pomme d'amour*. How tomatoes actually got here is even more open to speculation. Perhaps Napoleon's sailors brought them over on their unsuccessful expedition to conquer the Holy Land, in the hope that they would give them luck with the local beauties.

The tomato was commonly thought to be poisonous, because it belongs to the deadly nightshade (*belladonna*) family. The red colour was believed to be nature's warning to keep away. A hundred years ago nobody in the Western world used tomatoes for food. I remember as a child in Vienna, about 75 years ago, my father returned from a visit to our family in the Salzammergut, the Austrian "Lake District" and said to my mother in excitement: "Can you believe it? - crazy Aunt Rosa ate raw tomatoes!" (the Austrian name for tomatoes).

Tomatoes require warm weather and plenty of sunshine. They grow in heavy or light soil, but the soil must be well drained.

At the beginning of this "tomato chapter" we mentioned the importance of enriching the soil. Cow manure or well-rotted compost when you plant, with small weekly additions of superphosphate will achieve good results. Tomatoes grow very well in containers and their yield is often greater than in garden beds. Plant the seedlings in slightly moist soil as deep as possible (the long stem will produce additional roots and thus increase the nourishment of the plant.) The best planting time is the late afternoon.

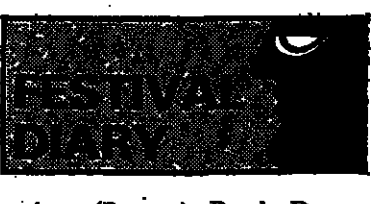
Provide every seedling with a one metre long stick, and water immediately. As soon as the seedlings reach a height of 20 centimetres attach them to the stick.

In hot weather the leaves of the tomato plant may curl. Dryness may also cause black or dark-brown spots on the underside of the fruit. This disease is known as "blossom-end rot." You can avoid it spreading by removal of the sick fruit and by regular waterings. All side shoots of tomatoes should be nipped out at least once a week (see drawing). A 2-3cm. thick layer of mulch will retain the necessary moisture. Tomatoes allowed to ripen on the stem have a better flavour than those picked before they turn red.

Impoverished Miller

The Crucible: Arena Stage (U.S.)

DWARFED by Dostoyevsky's *Crime and Punishment*, comes the Arena Stage presentation of Arthur Miller's *The Crucible*. Dominated by like intimidations and procedures of insidious interrogations, it pales in comparison with Waiza's masterpiece. Miller's powerful prose is impoverished by a weak cast, a dull *mis-en-scène*, and indifferent characterization. If these are Puritans, then I'm a profligate! Only Robert Wes-



tenberg (Proctor), Randy Danson (his wife), and Mark Hammer (Giles Cory), rise above the prevalent mediocrity. A parable with a strong bearing on our own present-day moral-political situation, it is a real

waste of an opportunity that such a timely warning wails on stage.

Associations on A Midsummer Night's Dream: Wrocław Pantomime Theatre (Poland)

TOMASZEWSKI'S is a rare and precious genius that tends to pass high over the heads of the uninitiated. His Wrocław Pantomime Theatre poses perfectionism and excellence in its manipulation of a myriad of stage skills, so subtle, sophisticated and esoteric in their

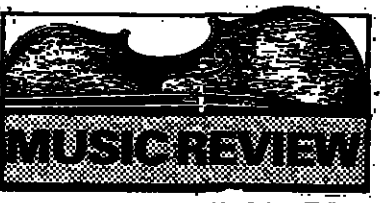
An aroma of goulash

ISRAEL FESTIVAL: FERENC LISZT CHAMBER ORCHESTRA. Programme I (Jerusalem: Henry Crown Hall, May 27). Dvorak: Servando for Strings; Bartok: Romanian Dances; Mendelssohn: Overture to A Midsummer Night's Dream.

THIS IS MUSIC to be enjoyed by the fireside in old Budapest, with the aroma of goulash in the air: 14 string players producing a dark, mellow tone for a repertoire which in part calls to mind latter-day Gypsy band. All the edges are rounded in a lush, sometimes almost syrupy but always uniformly blended tone, in which the well-placed portamento is ever welcome. The emotional heat of the moment is frequently more important than pitch accuracy in the upper registers, while the inner instrumental voices which got lost in the fray appear downright expendable.

The members of this ensemble have a very clear concept of the sound they are after, and they have mastered the technique of achieving it. Uniformity of accentuation, phrasing, dynamics and rubato bestow upon the Liszt Chamber Orchestra a convincing air of stylistic authority which is only possible in such a well-defined nationalistic musical idiom. They brought it off extremely well with Dvorak and Bartok, and nearly convinced this listener that Mendelssohn was of direct Hungarian lineage. They are very good indeed at what they do, even if this particular blend of seasonings is not for every palate.

DANIEL ZIFF ISRAEL FESTIVAL: THE FERENC LISZT CHAMBER ORCHESTRA. Programme II (Jerusalem, Henry Crown Hall, May 28). Marcell: Introduction, Air de Presto; Weber:



Divertimento No. 1 op. 20; Grieg: Holberg Suite; Ravel: Sonata No. 1 in G major for String; Bartok: Divertimento for Strings.

SINCE MENDELSSOHN first revived Bach, audiences have grown accustomed to late Baroque being dished up in a sauce so richly romantic as to require a side order of insulin. Musicologists and some performers have attempted with increasing success, to stem this ill-flowing tide, but the news has not yet reached the present ensemble, which slogged through the Marcell (a contemporary of Bach) in the grand old fashion.

Such over-ripe performance style may yet be tolerable for Marcell, and probably even welcome in the nationalistic idiom of Weiner and Bartok; but it has little in common with the Norwegian romanticism of Grieg and even less with Rossini of sunny Italy. They all, nevertheless, received equal treatment at the hands of the Hungarians. They played their whole repertoire with precision and conviction, promoting a product of dubious authenticity with all the panache and sincerity of sly old Kecal, the matchmaker in Smetana's *Bartered Bride*.

True, we are not dealing here with musical con-men, only with a singularly outmoded approach to per-

formance. But the Henry Crown audience joyfully swallowed every morsel set before it. DANIEL ZIFF

THE ISRAELI PHILHARMONIC ORCHESTRA. Daniel Barenboim, conductor and pianist. (Tel Aviv, Manna Auditorium, May 29). Mozart: Piano Concerto in B-flat major, K. 595; Tchaikovsky: Symphony no. 4.

A FASCINATING thing happened over the weekend at the Mann Auditorium in Tel Aviv: Daniel Barenboim put to the test the music of Pyotr Ilyich Tchaikovsky. Well, not so much the music itself, as the body of interpretations and opinions regarding it, namely that Tchaikovsky's expression is basically plebeian, more bombastic than profound and rather accommodating to self-pity and banality.

Enter Barenboim with a very different conception, indeed, reading the Tchaikovsky Fourth almost as if it were a Bruckner - emphasizing grand-scale architectural design, utmost textural clarity, searching emotion. The result? A monumental symphony of overwhelming splendour; a Tchaikovsky that speaks, powerfully, to both the heart and mind.

What Barenboim unveiled in the composition's four movements was a landscape of epic breadth. Time and again, the concentrated, organ-like sonorities of the brass were played up, serving as a cementing element, while the flexibility of motion, judiciously combined with firmness, put the score's structural eloquence into stark relief. The orchestra's empathy with the conductor's intentions was almost uncanny - it was as if Baren-

aesthetic context and life vision, that many, even among the more discriminating, miss out on its artistic achievement. The Titania (Ursula Hasič) and Oberon (Marek Olesky) here have little to do with Shakespeare. They are a couple of superb tragedians who, together with a virtuoso pantomime performer, Aleksander Sobieszewski, as Puck, presents modern man's alienation from the cool consolations of the Elizabethan green world, into the raucous landscape of today's reved-up rhythms, all the way from the tango of the Twenties to the rowdiest Rock. To see this again I'd be ready to make a pilgrimage all the way to Poland.

boim were playing one huge instrument, eliciting myriad tempos, timbres and dynamic nuances often with barely a nod of his head.

For the Mozart piano concerto, which shared the bill, Barenboim played, in addition to conducting, of course. A celebrated exponent of the composer's concertos, he - if my memory serves me right - performed the work here some years ago. Still, listening to the performance on Friday afternoon was a unique experience.

The concerto emerged reflective, warm and soulful, pulsating rays of benevolence and sweetness. The child-like purity of the second-movement theme could bring tears to the eyes. The conceptual unity between the piano and orchestra turned even the free-flowing solo cadenza into a vital element of the edifice.

The audience went wild, and for good reason too. Daniel Barenboim today is a musical sovereign.

ELI KAREV

Tick off

FURS FINS & FEATHERS

SUMMERTIME is tick time and already two readers have asked what to do. Both are from the southern part of the country, and they complain that their dogs are infested with ticks. They say they have dusted and sprayed to no avail and that they have to pick 30 or more of these parasites off their dogs every day. Both dogs, quite by chance, are pointers and love to ramble - both owners live in an area where there are many flocks and herds.

From the descriptions they give, I suspect that the ticks in the area are

D'vora Ben Shaul

resistant to the pesticide they are using. In Israel, almost everyone uses the Menaron and Permethrin mixture sold under the commercial name of Opigal. Although this is good powder, ticks or fleas develop a resistance to it.

There are several remedies. The first is to use the same material but the 20 per cent mixture used for farm animals instead of the 10 per cent powder sold for dogs. This is available at all agricultural supply shops and will usually do the trick.

The other solution is a dip used for cows and sheep. Also available at agricultural supply shops and extremely effective, its only disadvantage is its strong smell which lingers for at least two days during which time you may have to keep the dog outside. It is, however, longer last-

ing than the powder.

Another possibility is to buy an imported tick and flea powder at a pet shop, making sure that it does not contain the same ingredients you have been using. Although this is more expensive, it may be necessary. Tick sprays, for use on the ears and feet, can also be helpful.

When dusting with the powder it is a good idea to make a water solution of the pesticide and dip the dog's feet in it. This helps prevent the ticks from getting between the toes.

It is extremely important to dust, or preferably spray, the places in the garden where the dog likes to lie. You don't have to worry about harming garden plants with Opigal - you can even spray with the 50 per cent preparation which is too strong to use on animals. As a matter of fact, I have yet to discover anything as effective for controlling aphids as dusting powder and have never seen a plant damaged by it. You can get rid of ticks in the house by washing the floors with this solution, but do not do so if you have a child that's still at the crawling age.

Try to keep the animal confined to the treated area since it will soon get a new supply of ticks if it wanders about among sheep and goats. Also, once you have dusted or dipped the dog, use a tick collar. In places where there are lots of ticks, you will probably have to change the collar every two or three months instead of six as makers recommend.

IF NONE OF these steps solve the problem then by all means call the nearest Health Ministry office and ask for further advice. The entomologist in the Jerusalem office usually has plenty of practical advice.

Whenever using flea and tick powder and other pesticides, be careful. While these materials are relatively safe they are still poisonous and must be used carefully. Don't get the material into the animal's eyes and be sure to wash any powder off yourself after dusting the dog. Keep all such preparations out of the reach of children and do not use them on very small animals. If a puppy between one and three months old needs dusting, then dust it. After about 10 minutes wipe the powder off with a damp cloth. The same is true for cats of any age.

Incidentally, for dogs that sleep outside, the best bed is a raised platform that is high enough to dust under at regular intervals, a great help in controlling parasites. If it sleeps inside then its bed should be put in the sun every day and, if necessary, dusted and then shaken thoroughly.

It is extremely important to control ticks because they can be vectors of tick fever, a serious disease, at times fatal both to humans and to animals. It is not a common disease here but there have been some cases and it always pays to be cautious.

As for the questions I've been asked about kinds of ticks, there are a number of species around but, except for the ones with distinctive colour, only an expert can tell the difference. If anyone is really interested in learning more about these creatures, a good entomology textbook would probably be the best source.

Detached feeling

RANDOMALIA Miriam Arad

beside it is a piece of meat, and that brownish-yellow dollop of mush on top is mustard. Pea soup doesn't bear looking at under any circumstances.

The fact is, of course, that anything looks strange when you detach it from its function or context. Strangest of all, certainly, is man himself, and it's not just his toes either. It's all of him, from top to bottom. The human face wouldn't be so bad, even with all those holes in it, if it weren't for the distinctly freakish flaps growing out of it at each side. If you didn't know better they'd take them for handles. The rest of man has already been defined

once and for all by Lear's "forked animal."

So much for a human being who keeps still. It's when he starts throwing himself about that he really looks a scream. You can verify this by watching your TV set with the sound turned off. Look at that singer there, doing the oddest things with his mouth - pulling it out of shape any which way, now pursing his lips, now opening them as wide as they will go like a confused traffic cop, contorting his body as though he had stomach cramps.

Or watch that politician: just the way his eyebrows shoot up and down is enough to give you the giggles. He

bangs his fist on the table, wags a finger at you, raises a hand to heaven, shakes his head vigorously - no, and no again - blows his cheeks out, takes a gulp of air, and looks altogether like a very angry fish out of water. You wonder what all the fuss is about, but when you turn up the sound you find he is merely replying to some innocuous question from a backbencher. Like bad actors, politicians are always hamming it up.

But to return to our subject, the worst is that they lose what beauty they have. A sunset: a pinkish smear. A cat: a furry cylinder with a queer snaky bit at one end. Snow, sea, sky, stars, mountains, flowers; what are the poets on about?

And then you blink and change Orly Yamin back from holes and handles into a pretty girl, a plate of food into an invitation to enjoy, and a cat into a bit of downy grace. Only our toes are beyond redemption.

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## The Bank of Israel examines the 1986 economy

## Inflation was cut, but not too evenly

By PINHAS LANDAU  
Post Finance Reporter

The major achievement in the economy in 1986, as the Bank of Israel's latest annual report stresses at length, was the sharp reduction in inflation to under 20 per cent a year. This development is examined in detail in chapter three, and the statistics confirm that the level of price rises last year was extremely inconsistent from one sector of the economy to another.

In part, this was due to external factors, such as the oil-price crash, and its effect on energy prices and goods with a heavy energy component. Another element was seasonal and weather-oriented, and this shows

something similar from abroad, he refrained from raising prices sharply. The frozen dollar/shekel exchange rate and the openness of the Israeli economy meant that imports could easily undercut his product if he hiked its price - and sometimes even if he left his price as it was.

The result of this dichotomy may best be seen by noting that industrial goods rose in price by 12 per cent on the average in 1986, while all other prices rose by an average 24 per cent as a whole. This pattern continued in the first quarter of 1987.

"Because the system of a fixed exchange rate rests on the possibility of competing imports," Ben-Bassat

## Shrinking defence

The burden of defence spending borne by the Israeli economy, not of defence aid, reached its lowest level in 20 years in 1986. This is one of the most dramatic findings in the latest Bank of Israel annual report, published yesterday.

The report's analysis of the public sector zeroed in on defence spending, both because of its size and centrality, and because of the sharp changes that it has undergone in the last two years.

The impact of defence spending is difficult to measure under any one heading, the central bank researchers noted. Nor are year-on-year comparisons always useful, because foreign purchases, in particular, are subject to significant fluctuations.

Nevertheless, taking 1985 and 1986 together, and using any of the accepted measuring rods, the report found a major downward trend in the weight of defence spending. In 1986, measured either as a percentage of gross income from all sources, or as total defence spending net of defence grants, or by taking all local defence spending, it fell to levels not seen since the late 1960s, and in one case, since before the Six Day War.

In terms of quantity, the report notes that 1986 saw a greater fall than that recorded in any other year of this decade. This stemmed from both local and foreign spending reductions, with the former dropping 9 per cent (compared with 2 per cent in 1985) and the latter slumping by 38 per cent, after two years of sharp increases. The wage bill in the defence sector also fell by 6 per cent. Overall, defence spending fell 19.6 per cent.

All told, the bank found that local defence spending had fallen a cumulative 10.5 per cent over the last three years, of which 8 per cent came in 1986. Its proportion of Israel's gross domestic product (GDP) fell to 12 per cent from an average 14-15 per cent in the period from 1975 to 1984.

It is still too early to judge if the reduction is a permanent one, the report said, noting that the downward trend had been assisted by the ending of extraordinary spending factors, such as the reorganization of the IDF in the Negev, following the withdrawal from Sinai, and then by the withdrawal from Lebanon. Lower defence expenditures may also stem from a rundown in inventories, which will have to be rebuilt in the future, it added.

said at a briefing last week, "a rise in demand in tradable goods brings about a rise in imports, while a rise in demand for non-tradable goods translates into price rises."

Even within the non-tradables, he added, there were major differences. Construction and housing costs hardly rose, while services in both the private and public sector jumped in price. This reflected supply and demand forces in each specific sector, according to the report.

The public sector stood out in the extent by which it raised prices during 1986, with taxes at the government and local level racing upwards and other charges also gaining strongly. Only the cheaper oil bill kept transport, electricity, water and other related costs to low or even negative levels.

## DIFFERENTIAL INFLATION

A quarterly breakdown of the Consumer Price Index by economic sector. The rise or fall in annual terms for each quarter, by percent.

|                                       | I   | II  | 1986 III | IV  | All of 1987 I |
|---------------------------------------|-----|-----|----------|-----|---------------|
| CPI                                   | 8   | 30  | 13       | 30  | 20            |
| Agricultural products                 | 80  | 29  | -5       | 190 | 58            |
| Industrial products                   | 4   | 25  | 11       | 12  | 12            |
| Food, drink & tobacco                 | -8  | 15  | 13       | 18  | 9             |
| Construction and residential services | -25 | 14  | 2        | 36  | 4             |
| Electricity & water                   | -13 | -25 | 6        | 11  | -7            |
| Transport & communications            | 20  | 28  | 9        | -3  | 13            |
| Services                              | 39  | 65  | 40       | 34  | 44            |
| Taxes & insurance                     | 49  | 187 | 21       | 20  | 98            |
| Public services                       | 33  | 35  | 58       | 33  | 39            |
| Private services                      | 54  | 36  | 53       | 61  | 51            |

A report on Michael Bruno's press conference appears on page 7

up especially in the dramatic volatility of the agricultural produce sub-index. This tripled at an annual rate in the last quarter of 1986, but slipped in nominal terms in the preceding and subsequent quarters.

Overall, however, the central bank's research department found the key factor to have been the exchange rate policy: on the one hand, and the rising consumer demand that characterized the economy for most of the year on the other.

According to the deputy head of the research department, Avi Ben-Bassat, the weight of demand had different effects on goods and services, depending on whether these goods had substitutes or alternatives readily available.

Where a local manufacturer had a product that could be replaced by

## Women scaling the City walls

By PENNY FOX

LONDON. - In the City of London you must never forget that there are women. You know your place here, and if you don't your salary cheque will remind you.

But if the world is divided into two, gender no longer defines that demarcation. This financial bastion of men and capital has changed its face in recent years. Women have breached the City's walls after only a brief siege and appear to be sitting comfortably.

They have always been here, of course, more usually producing tea and typing, but some women have now made great strides; they achieve partnerships and earn multiples of tens of thousands of pounds.

Helen has been working for an American-owned bank for four years, and at the age of 26 is an ambitious investment banker. She earns \$70,000 - basic wage that is. She expects to double it with bonuses.

For this sort of serious money, she makes deals for clients that show a profit. Helen expects to make this a long-term career, at least until the age of 40, with perhaps a slightly easier time of it when she's reached 35. Then she would like two children, a nanny, a cleaner and a husband - in that order.

"Some parts of the bank are all male, but nearly 50 per cent of the executive staff in my section are women," she says. The most macho men and the least feminine women are to be found in the City.

"Once you're a professional you're no longer a woman; you become a neuter, an investment banker. Discrimination occurs on the lines of education rather than sex. The general background is Oxbridge, or one of the top four or five educational institutions like the London Business School or London School of Economics."

One reason for the apparent success of women is the explosion of competition in the City, which predated the deregulation of the stock exchange last year.

In the early 1980s, U.S., Japanese and European financial institutions moved into the City in large numbers. The U.S. banks, with their



Breaking barriers: Mariel Wood makes history 14 years ago by becoming the first female floor trader on the London Stock Exchange. Today education counts more than gender, insists one City denizen.

(UPI)

aggressive recruitment exerted particular influence, offering salaries similar to those in their home country and promoting equality more readily than their British counterparts.

But secretaries on the other hand have not benefited. They also have very little status now. In banking, for instance, a secretary might have had opportunities to train for more varied and responsible work, but now banks are looking for graduates to fill those positions, says a spokeswoman for a recruitment agency. A secretary can expect a basic salary of between \$17,000-\$20,000, plus mortgage subsidy, cheap loans, health insurance, a pension scheme, overtime payments - all of which could add another \$3,500 to \$5,000 in value.

However, the quality of a secretary's working life is more mechanical than in the past. Word processors,

combined with high pressure, leaves little time for personal contact. Surrounded by the achievements of other women, her expectations may be raised and her frustration greater.

Her only mobility may be horizontal, resulting in frequent job changes for incremental improvements, or just to relieve the boredom. The female executive will seek to distance herself as far as possible from the secretary, to maintain her status. So there is no mutual meeting ground and few shared values.

The City thinks itself the centre of the "ideal world," but in truth it excludes it: this world is not peopled with pensioners and the poor, and certainly not with children. A baby in arms may be brought into the office for ex-colleagues to coo over, but not for long. Women executives are playing the game, but the City's rules haven't changed.

(London Observer Service)

## CURRENCY MARKETS

## New view on inflation aids dollar

The dollar closed little changed on Friday as profit-taking erased its earlier gains in the Far East and Europe. For the week, however, it closed higher against major currencies, with most of the price action taking place at the beginning of the week.

On Monday, Tokyo's dealers pushed the U.S. currency higher while the British and U.S. markets were closed for their respective holidays. The resumption of full trading on Tuesday reinforced this trend, and the sharp rise of the dollar was accompanied by big gains for U.S. stocks and bonds, and steep losses for the precious metals. These prices reflected a sudden turnaround in market psychology as investors concluded their earlier inflation fears were exaggerated.

Trading was quieter for the rest of the week, and the dollar was unable to reach Tuesday's highs of 144.70 yen and 182.80 Deutschmarks. Dollar-buying subsided as it became apparent that an expected wave of Japanese investment in U.S. bonds and stocks failed to materialize.

The pound sterling was the weakest currency as it quickly fell to reach a low of \$1.6040. The U.S. currency's strength coincided with opinion polls showing a narrowing Tory lead and this caused a wide spread liquidation of long sterling positions. The currency recovered towards the end of the week as opinion polls became more favourable to the Conservatives. Also, Britain reported a current account surplus in April.

The currency markets are expected to stabilize this week ahead of the G-7 meeting in Venice on June 8-10. Technically, the dollar has lost a great deal of downside momentum. It seems premature to observe a reversal of the basic trend.

The column appears courtesy of Boaz Barak Advisory Service.

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## DOWN

- 2 Swell painter's equipment (6)
- 3 Dry and stony hill area (6)
- 4 Strong back or chest (6)
- 5 The passage is characteristic about certain points (7)
- 6 Settle on woven cane maybe (9)

## 7 Left a group of musicians done in (9)

- 8 A woman in depression's found friends (9)
- 14 Figure Italian's to be translated into Spanish (9)
- 15 Her aim is to see everyone well-suited (9)
- 16 Ped-up before the finish, so justifying this (9)
- 17 Live in residence for the elderly (3)
- 18 Making notes on the right hearing device (3)
- 22 Getting out of a colliery to study (7)
- 24 Share out the lot (6)
- 25 Overdue book hidden (6)
- 26 The attitude taken by a good man over an engineer (6)

## Yesterday's Solution

ACROSS: 1 Purse, 4 Heaving, 8 Olympus, 9 Andes, 10 Inner, 11 Lumbago, 13 Open, 15 Endure, 17 Damage, 20 Slow, 22 Bolshoi, 24 Paper, 26 Light, 27 Twosome, 28 Settler, 29 Expert, DOWN: 1 Promise, 2 Rayon, 3 Emperor, 4 Hustle, 5 Alarm, 6 Indiana, 7 Gusto, 12 Undo, 14 Frodo, 16 Delight, 18 Awesome, 19 Farnes, 21 Litter, 22 Polus, 23 Hotel, 25 Glaine.

## QUICK SOLUTION

ACROSS: 1 Purse, 4 Heaving, 8 Olympus, 9 Andes, 10 Inner, 11 Lumbago, 13 Open, 15 Endure, 17 Damage, 20 Slow, 22 Bolshoi, 24 Paper, 26 Light, 27 Twosome, 28 Settler, 29 Expert, DOWN: 1 Promise, 2 Rayon, 3 Emperor, 4 Hustle, 5 Alarm, 6 Indiana, 7 Gusto, 12 Undo, 14 Frodo, 16 Delight, 18 Awesome, 19 Farnes, 21 Litter, 22 Polus, 23 Hotel, 25 Glaine.

## QUICK CROSSWORD

## ACROSS

- 1 From side to side
- 4 Adhere
- 8 Location
- 9 Functioning
- 10 Stupid
- 11 Graune
- 12 Short sleep
- 14 Lake
- 15 Discharge
- 18 Pinch
- 21 Meril
- 23 Appropriator
- 25 Admit
- 26 Perfect
- 27 Perfume
- 28 Prolisome

## DOWN

- 1 Entreaty
- 2 Understand
- 3 Sample
- 4 Appear
- 5 Angry
- 6 Water-heater
- 7 Twelve
- 13 Odd
- 16 Indent
- 17 Spring flower
- 19 Beat
- 20 Umbrella
- 22 Strained
- 24 Warmth

## GENERAL ASSISTANCE

## EMERGENCY PHARMACIES

Jerusalem: Ramot Elion, Ramot commercial centre, 861071; Balam, Salah Eddin, 272315; Shu'afat, Shu'afat Road, 810108; Dar Aldawa, Herod's Gate, 282083.  
Tel Aviv: Netzah Yisrael, 11 Netzah Yisrael, 228545; Bavi, 1 Uziel, corner of Toledano, 440552.  
Haifa: Kfar Sava: Kupat Holim, 45 Ben Gurion, Kfar Sava.  
Nataaya: Kupat Holim Clalit, 31 Brodetsky, 611123.  
Kiryat Haifa: Kupat Holim Herman, Simat Modi'in, Kiryat Motzkin, 716136.  
Haifa: Yavne, 7 Ibn Sina, 672288.

## DUTY HOSPITALS

Jerusalem: Bikur Holim (pediatrics, E.N.T.), Hashach Ein Kerem (Internal, surgery, orthopedics, ophthalmology), Misgav Ladach (obstetrics).  
Tel Aviv: Rokah (pediatrics), Ichilov (Internal, surgery).  
Nataaya: Laniado

## FIRE 102

In emergencies dial 102. Otherwise, dial number of your local station as given in the front of the phone directory.

## FLIGHTS

24 - Hours Flight Information Service: Call 03-9712484 (multi-line). Arrivals Only (Taped Message) 03-971111 (20 lines)

## FIRST AID 101

Magen David Adom

In emergencies dial 101 in most parts of the country. In addition:  
Ashdod 41333 Jerusalem 523133  
Ashkelon 23333 Kiron 344442  
Bat Yam 5511111 Kiryat Shmona 4434  
Beersheva 74767 Nahariya 523533  
Carmiel 568555 Netanya 523533  
Dun Region 781111 Parat Tivon 9231111  
Eilat 7233 Rehovot 451333  
Hadera 22333 Rishon LeZion 94333  
Haifa 512233 Safed 30333  
Herzliya 30333 Tel Aviv 240111  
Holon 903133 Tibias 90111

\* Mobile Intensive Care Unit (MICU) service in the area, around the clock.

Emet - "Exposition" First Aid, Tel. Jerusalem 227171, Tel Aviv 5461111 (children/youth 03-261113), Haifa 672222, Beersheva 418111, Netanya 35316, Carmiel and the north 04-988410.

Rapo Crisis Centre (24 hours), for help call Tel Aviv, 234818, Jerusalem - 245554, and Haifa 352511.

The National Poison Control Centre at Rambam Hospital, phone (04) 523205, for emergency calls, 24 hours a day, for information in case of poisoning.  
Kupat Holim Information Centre Tel. 03-433000, 433600 Sunday-Thursday, 8 a.m. to 8 p.m. Friday 8 a.m. to 3 p.m.

## POLICE 100

Dial 100 in most parts of the country. In Tiberias dial 524444, Kiryat Shmona 4444.

## Views and News at the Hotel Inter-Continental with The Jerusalem Post

The Hotel Inter-Continental Jerusalem distributes complimentary copies of The Jerusalem Post to guests every day.





MARKET  
PLACE

PINHAS LANDAU

Written  
in the  
book

The Bank of Israel's annual report is regarded by its authors as the next best thing to revealed wisdom. It represents the distilled learning of all the savants in the central bank, but most especially the research department, and it is written and then verbally imparted in a spirit of opening the eyes of the errant masses — and their media representatives — to the wonders of objective truth.

Thus one has the frequent, but nevertheless extraordinary, phenomenon of Bank of Israel people who, when wishing to prove their point, can do no more than quote table X or diagram Y from an annual report, possibly years old, as if to say, "there you are, what further discussion is possible?"

Unfortunately for the bank, further discussion is often possible, and many people, including media commentators, academics and even others in government, have the temerity to dispute the interpretations — and sometimes even the facts — contained in the Good Book.

This becomes a specialized and self-perpetuating field, and it is clear that everyone involved has a good time, attacking and defending various ideas and the data on which they are (hopefully) built.

But the main problem with the annual report, especially in a period of reduced inflation, is not its sins of commission, if indeed it commits any. Even assuming that everything in it was really beyond argument, there would remain the problem of what is not in it.

The primary sin of omission is simply that. The annual report presents itself as a complete record of what occurred in the past. It even ventures beyond the end of the calendar year to which it refers and, where data is available, takes the story forward into the first months of the next year. Since it is published five whole months into that year, that is not difficult to do.

By the same token, it should not be asking so much for the report to look ahead, at least to the remainder of the calendar year, and possibly to the full extent of the fiscal year that started in April. But not a word of what the bank expects to happen slips out of the report, nor did the on the record and off the record briefings that accompanied its publication delve into that matter.

The question arises as to what use the research department is if the summit of its achievements is to collate and analyze historical data. Policy prescriptions are generally found between the lines, if at all, particularly on sensitive issues like the wage structure.

Every other self-respecting central bank publishes forecasts — usually late in the year — for the whole of the coming year, and with frequent updates. Israeli commercial banks have begun to do the same thing, now that the hyperinflationary fog has lifted. The Bank of Israel, however, either hasn't the interest or the guts.

Granted, the future is a problematic area — witness the knots the bank tied itself in because of its post-devaluation inflation forecast. But that is not a reason to give up, it merely proves that they have to try harder.

The Treasury is scheduled to start budgeting for three years at a time, from next year. Every year, it has to look 12-18 months ahead in planning an ordinary budget. The time has come for the Bank of Israel to stop pretending it has discovered America, when it is merely recycling used data, and try and say something new.

## Bruno says at annual report conference

## 'New monetary tools planned'

BY AVI TEMKIN

The Bank of Israel will continue pressing ahead with a complete reshaping of monetary policy in the coming months, Bank of Israel Governor Michael Bruno said yesterday at a press conference to present the bank's annual report for 1986.

Bruno said the bank wanted to make greater use of Treasury bills as a tool of cash management and monetary policy. In addition, he said, the Bank of Israel wanted to make start trading in the capital market with bonds representing government debt and had already made a formal request to the government to do so. The bank is also asking the government to provide it with large amounts of Treasury bills.

Bruno confirmed that the bank would no longer use monetary loans and credit window operations as the central mechanism of monetary policy.

The bank had used such tools in the past few years as the chief means of guiding interest rates, Bruno said, but this had lost its effectiveness in the last months.

During the press conference, Bruno reiterated some of the main policy recommendations he has made in the past several months. He called on the cabinet to continue cooperating to ensure economic stability despite the climate of political uncertainty and the possibility of elections.

But Bruno's main message referred again to wages. He said the Histadrut should refrain from demanding any wage increases over and above regular cost-of-living allowances. He blamed the large wage increases that occurred last year for the huge expansion in consumer spending and for the decline of profitability in the business sector.

Bruno stressed that no devaluation would take place in the near future. He said that if a policy of wages restraint was effectively enforced, it would be possible to maintain a fixed exchange rate. But Bruno said he would countenance wage hikes in those sectors where higher profitability, due to higher productivity, justified them.

The bank's annual report showed that they gross domestic product (GDP) rose 2.2 per cent in 1986 while the business GDP rose 3.7 per cent. Government spending came to \$17.7 billion, equal to 67 per cent of the GNP, down from 72.9 per cent in 1985.

The civilian trade deficit rose by 203 per cent to \$1.15 billion but the balance of payments account registered a healthy \$1.37b. surplus, although that was largely due to U.S. economic aid.

## LAVI

(Continued from Page One)  
which would be run by the Defence and Finance Ministries.

The Treasury's position is to be presented at the next cabinet. Ministers will be reluctant to cut their own budgets to finance the Lavi. Police Minister Haim Bar-Lev said he believed the cabinet will approve the project only if the Treasury says it can finance it.

Even Transport Minister Haim Coru, who has confidently predicted a vote in favour of the Lavi, appeared cautious yesterday. "It is difficult to predict," he told *The Post*. "The arguments are very persuasive. Each one seems very convincing."

The decision will probably be taken in about two weeks and Rabin will then travel to the U.S. to discuss Israel's long-range plans with the Pentagon and the State Department. Rabin said yesterday that no date has been set for his visit because such talks cannot be held "seriously" before the fate of the Lavi is settled.

## Interest rates drop today

BY PINHAS LANDAU

All the commercial banks are reducing their prime borrowing rates by three percentage points per annum to 18 per cent, starting today. Significant differences will exist, however, between the prime rates and other terms they charge, especially in personal accounts. Business customers must, in almost every case, negotiate individual rates and charges with their banks.

Personal overdrafts will become cheaper by three percentage points, as a rule, although in some cases the reduction will be slightly larger.

Wage earners requiring a modest overdraft facility of up to NIS 500 will be best off at Bank Leumi, where they will pay only 20.1 per cent. The lowest rate in the other banks will be 30 per cent, and at Discount this will only be available for amounts up to NIS 400, in all personal accounts, whether salary-receiving or otherwise.

Bank Leumi will offer a personal overdraft of up to NIS 1,700 for 30 per cent, while at First International Bank the cut-off point will be NIS 1,500, but the rate is the same.

United Mizrahi Bank will offer wage earners personal overdrafts on a sliding scale from 30-36 per cent, depending primarily on the size of the salary in question. At Discount, overdrafts from NIS 500 to NIS 1,000 will start at 30 per cent, for good customers, rising as high as 42 per cent. The bank will sometimes charge an extra commission on the allocation of the credit line, which can add as much as 1.5 points per quarter, or some 4.5 points per annum.

Anything above NIS 2,000 at Discount will be subject to individualized treatment, with rates dependent on the customer in question, and an extra commission charged in all cases.

Especially also will have a sliding scale for its "Super Current Account" customers, which will start at 20.4 per cent for customers requesting a facility of up to NIS 2,000. Asking for NIS 2,000 will make the whole thing cost not less than 35.4 per cent (and possibly more), while from NIS 3,000 and upwards the rate will be 41.4 per cent. Hapoalim will not charge extra commission on personal accounts.

Leumi's rate is much clearer-cut. From NIS 1,700-5,000 the rate of interest will be 36 per cent, with no charges, while those requesting more than NIS 5,000 pay between 36 and 42 per cent, also without extra charges.

An important advantage to Leumi's system is that the amounts are stepped — i.e. a customer with a NIS 10,000 facility pays 36 per cent for the first NIS 1,700, 36 per cent for the next NIS 3,300 and up to 42 per cent for the next NIS 5,000. At Hapoalim, the ceiling determines the rate of interest for the whole amount, so that a customer with a line of, say, NIS 6,000 will pay the top rate for the whole amount, not the first shaded, and not the lower rates on the lower amounts.

Leumi's rates again over the other large banks in having the lowest excess rate, charged for amounts overdrawn above the limit given to a customer. This will be 12 per cent at Leumi (a 12 per cent above the authorized rate of 36, or 36, per cent, or whatever), while at Hapoalim, Discount and Mizrahi it will be 15 per cent.

At First International, the excess will be the lowest of all — 9 per cent. But this puts into effect at the NIS 1,500 threshold, so that customers of NIS 2,000-3,000, which therefore cost 39 per cent at First International, will not be significantly different from most other banks.

Credit on VisaCard purchases via the Leumi and Discount groups will as of today cost 36 per cent per annum. Discount Extra will charge 33-39 per cent, depending on the customer, on amounts from NIS 10,000-50,000, with an extra one point per quarter commission charge.

The Bank of Israel is reducing the rate of interest it pays on deposits from commercial banks by 4 percentage points per annum, beginning Thursday. Within the three-tier system of liquidity ratios operated by the central bank, the first band will continue to pay zero interest, while bands two and three will pay 17 per

cent instead of the current 21 per cent.

The central bank is not reducing the rate it charges commercial banks who borrow from it through the "credit window," and the price of its "monetary loans" will therefore be unchanged.

Bank of Israel Governor Michael Bruno noted at yesterday's press conference (see accompanying story) that the central bank was in favour of more competition on borrowing rates between banks.

## Rubinstein plans to build \$170m. in housing in '87-8

By MIRIAM SHENKAR

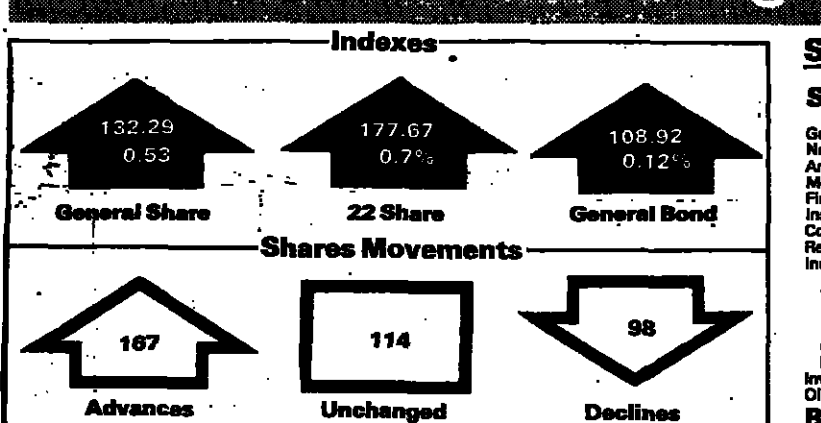
For The Jerusalem Post  
TEL AVIV. — Israel needs about 45,000 new housing units every year, far more than it is currently getting, Avraham Rubinstein, chairman of the contracting concern Rubinstein Ltd., told a press conference yesterday.

With that in mind, Rubinstein said his company planned to build some \$170 million in new housing over the

next two years.  
The company will embark shortly on a \$20m., six-building project in Tel Aviv's Neve Avim section containing 128 flats. In the city's Ramat Aviv Gimmel quarter, Rubinstein said he was adding another 130 flats to a 148-unit project at a cost of \$20m.

A third major project, a \$100m. "cottage city" in Rishon LeZion, will contain 900 units.

## Tel Aviv Stock Exchange



## Selected Prices

| Name                        | Price  | Ticker | % Change |
|-----------------------------|--------|--------|----------|
| <b>Commercial Banks</b>     |        |        |          |
| Leumi                       | 2380   | 29     | -0.5     |
| Hapoalim                    | 2800   | 29     | -0.5     |
| First Int'l                 | 2800   | 29     | -0.5     |
| Mizrahi                     | 2800   | 29     | -0.5     |
| Discount                    | 2800   | 29     | -0.5     |
| <b>Industrial</b>           |        |        |          |
| Dubai                       | 8000   | 944    | +3.8     |
| Tempo                       | 3200   | 70     | +2.3     |
| Sunrise                     | 1750   | 38     | -0.3     |
| Adgar                       | 814    | 205    | +1.2     |
| Argam                       | 2001   | 34     | -7.5     |
| Ligat                       | 381    | 347    | +1.6     |
| Polaris                     | 2250   | 2120   | -0.9     |
| Leumi                       | 1800   | 384    | -0.9     |
| Leumi                       | 11300  | 422    | -        |
| Leumi                       | 7200   | 84     | -        |
| Leumi                       | 1400   | 148    | -        |
| Leumi                       | 3760   | 1389   | -3.3     |
| Leumi                       | 21400  | 372    | +0.5     |
| Leumi                       | 59000  | 38     | -        |
| Leumi                       | 444000 | 42     | -        |
| Leumi                       | 28300  | 104    | -0.7     |
| Leumi                       | 3200   | 2071   | -        |
| Leumi                       | 1674   | 1612   | +3.2     |
| Leumi                       | 1070   | 1060   | -        |
| Leumi                       | 1387   | 7309   | +2.0     |
| Leumi                       | 3630   | 684    | +0.3     |
| Leumi                       | 4080   | 673    | -0.7     |
| Leumi                       | 1108   | 8896   | -0.9     |
| Leumi                       | 618    | 16254  | -        |
| Leumi                       | 4305   | 143    | +2.1     |
| Leumi                       | 19138  | 6199   | +3.4     |
| <b>Investment Companies</b> |        |        |          |
| Leumi                       | 5030   | 4888   | +1.8     |
| Leumi                       | 14000  | 1042   | -0.7     |
| Leumi                       | 12380  | 546    | -1.0     |
| Leumi                       | 38000  | 115    | +2.7     |
| Leumi                       | 10680  | 43     | -0.1     |
| Leumi                       | 16398  | 281    | -        |
| <b>Oil Exploration</b>      |        |        |          |
| Leumi                       | 41300  | 40     | +3.3     |
| Leumi                       | 1001   | 3879   | +5.4     |
| <b>23 Shares</b>            |        |        |          |
| Leumi                       | 7778   | 204    | +2.1     |
| Leumi                       | 415    | 1752   | -0.3     |
| Leumi                       | 15588  | 287    | +1.0     |
| Leumi                       | 12380  | 1330   | +0.8     |
| Leumi                       | 6801   | 6802   | +0.8     |
| Leumi                       | 4181   | 611    | -0.7     |
| Leumi                       | 5852   | 101    | +1.1     |
| Leumi                       | 4742   | 688    | -0.4     |
| Leumi                       | 845    | 5488   | +1.4     |
| Leumi                       | 22400  | 189    | +1.9     |
| Leumi                       | 5900   | 688    | +1.5     |
| Leumi                       | 2183   | 1312   | +1.5     |
| Leumi                       | 14034  | 422    | +0.8     |
| Leumi                       | 2042   | 547    | +0.8     |
| Leumi                       | 855    | 10018  | -1.3     |
| Leumi                       | 462000 | 19     | +0.3     |
| Leumi                       | 13888  | 183    | -0.5     |
| Leumi                       | 282    | 20775  | -        |
| Leumi                       | 11411  | 288    | +1.7     |
| Leumi                       | 6783   | 870    | +1.8     |
| Leumi                       | 7240   | 1888   | -0.7     |
| Leumi                       | 1584   | 8879   | +1.0     |
| Leumi                       | 3853   | 401    | -2.0     |

| Name                       | Price  | Ticker | % Change |
|----------------------------|--------|--------|----------|
| <b>First International</b> |        |        |          |
| Leumi                      | 7778   | 204    | +2.1     |
| Leumi                      | 415    | 1752   | -0.3     |
| Leumi                      | 15588  | 287    | +1.0     |
| Leumi                      | 12380  | 1330   | +0.8     |
| Leumi                      | 6801   | 6802   | +0.8     |
| Leumi                      | 4181   | 611    | -0.7     |
| Leumi                      | 5852   | 101    | +1.1     |
| Leumi                      | 4742   | 688    | -0.4     |
| Leumi                      | 845    | 5488   | +1.4     |
| Leumi                      | 22400  | 189    | +1.9     |
| Leumi                      | 5900   | 688    | +1.5     |
| Leumi                      | 2183   | 1312   | +1.5     |
| Leumi                      | 14034  | 422    | +0.8     |
| Leumi                      | 2042   | 547    | +0.8     |
| Leumi                      | 855    | 10018  | -1.3     |
| Leumi                      | 462000 | 19     | +0.3     |
| Leumi                      | 13888  | 183    | -0.5     |
| Leumi                      | 282    | 20775  | -        |
| Leumi                      | 11411  | 288    | +1.7     |
| Leumi                      | 6783   | 870    | +1.8     |
| Leumi                      | 7240   | 1888   | -0.7     |
| Leumi                      | 1584   | 8879   | +1.0     |
| Leumi                      | 3853   | 401    | -2.0     |

BARCLAYS DISCOUNT BANK LTD.  
CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 1987  
(IN NIS THOUSANDS) ADJUSTED FOR THE EFFECTS OF INFLATION  
ACCORDING TO THE INDEX OF MARCH 1987

| As at   | 31.3.1987 | 31.12.1986 |
|---|-----------|------------|
| Cash on hand & Deposits with the Bank of Israel | 283,988   | 276,131    |
| Deposits with Banks                             | 183,319   | 121,816    |
| Bonds for investment                            | 83,842    | 94,817     |
| Shares for investment                           | 294       | 294        |
| Securities for trading                          | 501       | 2,889      |
| Loans to the Government                         | 239,643   | 224,346    |
| Loans to the Public                             | 386,078   | 345,139    |
| Buildings & equipment                           | 48,898    | 41,243     |
| Other assets                                    | 11,419    | 11,165     |
|   | 1,149,174 | 1,116,968  |

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE QUARTER ENDING 31 MARCH 1987 ADJUSTED FOR THE EFFECTS OF INFLATION  
ACCORDING TO THE INDEX OF MARCH 1987.  
UNAUDITED (IN NIS THOUSANDS)

| 31.3.1987                        | 31.12.1986 |
|----------------------------------|------------|
| Pre-tax profit from operations   | 13,872     |
| Provision for tax                | (6,556)    |
| Profit from operations after tax | 7,316      |
| Share of external shareholders   | (1)        |
| Net profit for the period        | 7,315      |

The Quarterly Financial Statements were drawn up according to the same accounting rules used in drawing up the Audited Financial Statements as at 31.12.1986.

## Statistics

## Stock Indices

|                        |               |
|------------------------|---------------|
| General (incl. argmt.) | 183.21 +0.57% |
| Industrial             | 183.21 +0.57% |
| Commercial & Services  | 183.21 +0.57% |
| Food & Tobacco         | 183.21 +0.57% |
| Textiles               | 183.21 +0.57% |
| Metals                 | 183.21 +0.57% |
| Chemicals              | 183.21 +0.57% |
| Industrial invest.     | 183.21 +0.57% |
| Investment Cos.        | 183.21 +0.57% |
| Oil Exploration        | 183.21 +0.57% |

## Bond Indices

|                     |               |
|---------------------|---------------|
| Index-Linked Bonds  | 108.18 +0.10% |
| Fully Indexed       | 108.18 +0.10% |
| Partially Indexed   | 108.18 +0.10% |
| Foreign Currency    | 108.18 +0.10% |
| FC denominated      | 108.18 +0.10% |
| FC denominated      | 108.18 +0.10% |
| Short-term 0-2 yrs  | 108.18 +0.10% |
| Short-term 2-5 yrs  | 108.18 +0.10% |
| Medium-term 5-7 yrs | 108.18 +0.10% |
| Long-term 7+ yrs    | 108.18 +0.10% |

## Turnovers

|             |                |
|-------------|----------------|
| Leumi       | NIS 26,798,000 |
| Hapoalim    | NIS 4,834,100  |
| First Int'l | NIS 11,573,900 |
| Mizrahi     | NIS 11,573,900 |
| Discount    | NIS 11,573,900 |

## Share Movements

|           |     |
|-----------|-----|
| Advances  | 167 |
| Unchanged | 114 |
| Declines  | 98  |

## Bond Market Trends

|                     |             |
|---------------------|-------------|
| Index-Linked        | Rise to 1%  |
| 7% fully indexed    | Mixed to 2% |
| 4.25% fully indexed | Mixed to 2% |
| 80% indexed         | Mixed to 2% |
| Double-linked       | Mixed to 2% |
| Admon               | Mixed to 2% |
| Rimon               | Mixed to 2% |
| Leumi               | Mixed to 2% |
| FC denominated      | Mixed to 2% |
| T-bills             | 19-21.80%   |

## Arrangement Yields

|       |        |
|-------|--------|
| Leumi | 15.24% |
| Leumi | 15.24% |
| Leumi | 15.24% |
| Leumi | 15.24% |
| Leumi | 15.24% |

## 23 Shares

| Name  | Price  | Ticker | % Change |
|-------|--------|--------|----------|
| Leumi | 7778   | 204    | +2.1     |
| Leumi | 415    | 1752   | -0.3     |
| Leumi | 15588  | 287    | +1.0     |
| Leumi | 12380  | 1330   | +0.8     |
| Leumi | 6801   | 6802   | +0.8     |
| Leumi | 4181   | 611    | -0.7     |
| Leumi | 5852   | 101    | +1.1     |
| Leumi | 4742   | 688    | -0.4     |
| Leumi | 845    | 5488   | +1.4     |
| Leumi | 22400  | 189    | +1.9     |
| Leumi | 5900   | 688    | +1.5     |
| Leumi | 2183   | 1312   | +1.5     |
| Leumi | 14034  | 422    | +0.8     |
| Leumi | 2042   | 547    | +0.8     |
| Leumi | 855    | 10018  | -1.3     |
| Leumi | 462000 | 19     | +0.3     |
| Leumi | 13888  | 183    | -0.5     |
| Leumi | 282    | 20775  | -        |
| Leumi | 11411  | 288    | +1.7     |
| Leumi | 6783   | 870    | +1.8     |
| Leumi | 7240   | 1888   | -0.7     |
| Leumi | 1584   | 8879   | +1.0     |
| Leumi | 3853   | 401    | -2.0     |

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